

FBI

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JIEFANGJUN BAO NOTES CHINESE CONTRIBUTION IN WW II

HK050825 Beijing ZHONGGUO XINWEN SHE in Chinese 0450 GMT 5 Aug 85

[Report: "JIEFANGJUN BAO Says the Chinese People's War of Resistance Against the Japanese Made Indelible Contributions to the Antifascist War"]

[Text] Beijing, 5 Aug (ZHONGGUO XINWEN SHE) -- JIEFANGJUN BAO carries a signed article today, which says the Chinese people's war of resistance against Japanese aggression made indelible contributions to the antifascist war.

Song Shilun, the author of the article is commandant of the Academy of Military Sciences, and a member of the Central Advisory Commission Standing Committee. With full accurate historical data, he explains in the article that the Chinese people's war of resistance against Japanese aggression was an important flank on the world's anti-fascist battlefront, and played an important role of supporting and coordinating with the resistance in the European and Asian-Pacific battlefronts, and the final elimination of the fascist aggressive forces. Germany and Japan wildly attempted to adopt joint military actions at that time, and they planned to link up north in Siberia and south in the Indian Ocean. The resistance on the Chinese battlefront pinned down the main force of the Japanese Army, and smashed the Japanese plan for its northern expedition, enabling the USSR to avoid fighting on two fronts; and checked the Japanese Army's plan for its southern expedition, which powerfully supported the U.S. and British Allied forces in the fight on the Pacific and the Southeast Asian battlefronts.

According to this article, China also coordinated with the Allied forces in some campaigns. In the spring of 1942, China sent three of its armies to Burma in support of the British Army. Between November 1943 and March 1945, China successively sent 8 of its armies, a force of 22 divisions in all, to fight shoulder to shoulder with the Allied forces against Japan in western Yunnan and northern Burma. Myitkyina was recovered, and efforts were made in the emancipation of the people of Southeast Asia.

The article discloses that the Chinese people paid a great price for the victory of the war of resistance against Japanese aggression. According to incomplete statistics, the Chinese Army suffered more than 3.8 million casualties, and the number of casualties of the Chinese people was more than 18 million. Losses incurred and war consumption totaled more than \$100 billion.

The article holds that the direct advance of the Soviet Red Army into China's northeast eliminated the main force of the Japanese Kanto [region near Tokyo] troops, thereby accelerating the general collapse of Japanese fascism and the victory of the Chinese people's war of resistance against Japanese aggression.

COMMENT ON TEXTILE, APPAREL TRADE ENFORCEMENT ACT

HK030852 Shanghai SHIJIE JINGJI DAOBAO in Chinese 15 Jul 85 p 1

[Article by Bing Zhi: "Commenting on the 'The Textile and Apparel Trade Enforcement Act of 1985' Under Discussion by the U.S. Congress" -- capitalized passage printed in boldface]

[Text] THIS BILL REPRESENTS A NEW OFFENSIVE LAUNCHED BY A HANDFUL OF TRADE PROTECTIONISTS IN THE AMERICAN TEXTILE INDUSTRY. IT HAS NOT ONLY BEEN DENOUNCED BY THE INTERNATIONAL PUBLIC, BUT ALSO OPPOSED BY PEOPLE WITH INSIGHT IN U.S. POLITICAL CIRCLES. CHINA IS CLOSELY FOLLOWING THE DEVELOPMENT OF THIS SITUATION AND EAGERLY HOPES THAT THE U.S. GOVERNMENT WILL ADOPT A PRUDENT ATTITUDE AND REFRAIN FROM DEVELOPING THE SITUATION TO A DEGREE HARMFUL TO BOTH OTHERS AND THEMSELVES.

China is closely following the discussions on "The Textile and Apparel Trade Enforcement Act of 1985" by the U.S. Congress. The bill has violated the "Multifiber Arrangement," the agreement on trade relations between China and the United States, and the Sino-U.S. textile agreement. It will seriously affect China's textile exports and cause China to suffer tremendous economic losses, thereby seriously damaging Sino-U.S. trade relations. The bill will cause a great reduction in the imports of textiles from the developing countries, abolish the existing Sino-U.S. bilateral textile agreement, and recalculate and stipulate import quotas by taking the actual imports in 1980 as a base. The import quotas for 1984 were calculated according to an annual growth rate of 6 percent and those for 1985 and thereafter were to be increased by only 1 percent annually.

By taking the 1980 quotas as a base, the bill obviously discriminates against China because it was not until February 1980 that the United States accorded China most-favored-nation treatment. Before that, high tariffs had seriously hindered the development of Sino-U.S. trade. According to this bill, the United States will reduce textile imports from China by 56 percent, amounting to more than 400 million square yards of textiles. China's foreign exchange earnings will therefore be reduced by \$500 million per year. Moreover, imposing restrictions on linen, ramie, and silk products will cause even greater losses to our country.

In fact, the reasons cited by some congressmen for enacting this bill are untenable. Based on the constant rate of the U.S. dollar in 1972, the sales volume of the U.S. textile and clothing industries has increased by 7 percent over the past 4 years. Because the U.S. Government has exercised control over the imports of textile products through a quota system, its import of textiles and clothing in the first 4 months of 1985 dropped by 4.4 percent over the corresponding period of last year. The American textile and clothing industries have derived, and will continue to derive, benefits from this unprecedented special measure. However, they are still insatiable. The bill represents a new offensive launched by a handful of trade protectionists in the American textile industry. They want to build up momentum before the international textile agreement expires next year in order to strengthen their monopoly position on the domestic market.

For a long time China has recorded a deficit in its trade with the United States. If this bill comes into effect, the deficit will increase rapidly, seriously endangering the trade relations between the two countries. In recent years, the commodities China has imported from the United States mainly include aircraft, locomotives, computers, wheat, chemicals, and a series of products ranging from instruments to leather. Their quantities have increased continuously. China's imports increased by 37 percent last year. China's exports of textiles and apparel to the United States accounted for 38 percent of its total exports last year.

Therefore, if its textile and clothing exports drastically drop, it will inevitably and seriously affect China's capability to pay for its imported products from the United States and affect the sound development of Sino-U.S. trade. As far as the vast numbers of American consumers are concerned, the bill means an increase of \$2 billion in expenditures. Low-income American families will be affected to a greater extent.

It has been learned that the U.S. secretaries of state, finance, commerce, and labor have jointly expressed their opposition to the bill. They admit that such an action would put a heavy economic burden on domestic consumers and would also be detrimental to both importers and retailers. Such protection of the textile and clothing industries is unprecedented and entirely unnecessary. We hold that this attitude taken by U.S. Government officials is quite sensible. We hope that the United States will proceed from the desire to safeguard its international prestige, the fundamental interests of American consumers, and trade relations between the United States and the developing countries, and resolutely boycott the bill which seeks profits for a handful of capitalists in the textile industry.

The Chinese people are very closely following the development of the situation and hope that the U.S. Congress and Government will adopt a prudent policy and refrain from bringing serious consequences to Sino-U.S. trade and from developing things to a degree harmful to both others and themselves.

WAN LI MEETS WITH FORD MOTOR DELEGATION

OWO51828 Beijing XINHUA in English 1439 GMT 5 Aug 85

[Text] Beidaihe, August 5 (XINHUA) -- Vice-Premier Wan Li today invited the U.S. Ford Motor Company to expand its co-operation with China. He was addressing a Ford delegation led by company Vice-President Lindsey Halstead in this Hebei Province seaside resort.

Ford, the second-biggest motor company in the United States, is planning to set up a joint-venture company with the China Automotive Industry Corporation. The new company will produce light vehicles in cooperation with the Number Two automobile factory in Hubei Province.

Wan told the visitors that China needed to improve transportation and communications, and the government attached great importance to developing the motor industry.

Halstead said that his company would introduce the latest technology to China, and the vice-premier said he hoped this would help the Chinese industry to improve its production ability and management.

Tonight, the visitors were guests of honor at a dinner hosted by Vice-Premier Li Peng and member of the Standing Committee of the National People's Congress Wang Zhaoguo, who have just returned from a trip to the U.S. accompanying Chinese President Li Xiannian.

The delegation arrived in Beijing on Saturday at the invitation of the China Automotive Industry Corporation.

XINJIANG'S TACHENG TO OPEN TO SOVIET TRADE

OW052328 Shanghai JIEFANG RIBAO in Chinese 26 Jul 85 p 1

[From XINXI HUI BAO INFORMATION DIGEST 0207 1873 0565 1032]

[Text] After being closed for 20 years, Xinjiang's Tacheng port of entry will soon open to the USSR. Xinjiang has made public the list of projects for economic cooperation with foreign countries. More than 30 overseas business firms have contacted Xinjiang, and initial trade talks have been held on 24 projects. Xinjiang's first economic and technological talks with foreign ventures will be held in early August. Most of the projects to be discussed during the talks are located in Urumqi, Shihezi, and Turpan Prefectures.

XINHUA ON GORBACHEV REPLY TO ATOMIC BOMB VICTIMS

OW051855 Beijing XINHUA in English 1847 GMT 5 Aug 85

[Text] Moscow, August 5 (XINHUA) -- Soviet leader Mikhail Gorbachev has said that the Soviet Union now encounters an absence of readiness on the part of the West to achieve a complete prohibition and liquidation of nuclear arms.

He said: "This confronts us with the need to search for possible intermediate solutions of this paramount task."

Gorbachev made the statement in a reply to a letter from a Japanese group representing atomic bomb victims, TASS reported. Gorbachev pointed out that the USSR is holding talks with the United States in Geneva so as to prevent an arms race in outer space, terminate it on earth and start drastic cuts in nuclear armament down to its total elimination.

The posture of the American side at these talks, however, blocks the reaching of an accord, he said.

The Soviet leader reaffirmed his recent proposal for a five-month Soviet unilateral moratorium on nuclear testing beginning tomorrow. He said the moratorium will remain in effect as long as the United States refrains from conducting nuclear blasts.

He said: "On the eve of the 40th anniversary of the atomic bombings of Hiroshima and Nagasaki, it is urgent that nobody should contravene Japan's non-nuclear status enshrined in the 'three non-nuclear principles.'" The Soviet Union honors these principles, he added.

WANG ZHEN ADDRESSES 2 AUG TOKYO RECEPTION

OWO51030 Beijing XINHUA Domestic Service in Chinese 1726 GMT 2 Aug 85

[Text] Tokyo, 2 Aug (XINHUA) -- Japan's Asia Interchange Association held a grand reception this evening at Tokyo's Hotel New Otani to warmly welcome the visiting delegation of the Chinese International Friendship Liaison Association headed by Wang Zhen, Political Bureau member of the CPC Central Committee and honorary president of the Chinese International Friendship Liaison Association.

More than 300 people from Japanese circles, including Liberal Democratic Party Vice President Susumu Nikaido, attended the reception. Chinese Ambassador to Japan Song Zhiguang was also invited to attend the reception.

Ryuzo Zejima, vice president of Japan's Asia Interchange Association was the first to address the reception, expressing a warm welcome to the visiting delegation of the Chinese International Friendship Liaison Association. He said that ever since the founding of Japan's Asia Interchange Association in 1979, it has made broad exchanges with China in economy, science and technology, culture and sports, thereby contributing to the strengthening of Sino-Japanese friendship. He expressed the hope that Sino-Japanese friendship and exchanges would continuously and deeply develop and the friendship between the two countries would pass on from generation to generation.

In his speech, Susumu Nikaido said that the friendly relationship between Japan and China in foreign affairs, politics and economy has been broadly and deeply developed day by day and that relationship has contributed to the safeguarding of peace in Asia and in the world. He said that the present close Sino-Japanese relationship is inseparable from the efforts made by our predecessors. He said at a time when the Japanese and Chinese Governments are proceeding with extensive political and economic exchanges, it is very important to step up nongovernmental organization exchanges at the same time. He hoped that Japanese friends would make efforts to further promote Sino-Japanese friendship in the future.

Delegation head Wang Zhen also spoke at the reception. Initially he expressed thanks to the warm reception given by Japan's Asia interchange Association and friends from various circles. Wang Zhen said the Chinese people are a peace-loving people and the ongoing Chinese construction needs peace. The long enduring peace and friendship between the two countries is not only in accord with the fundamental interests of the two peoples, but also favors stability in Asia and world peace.

He said: Economic invigoration at home and the opening to the outside world are China's basic policy. The more the Chinese economy develops, the more it needs a resolute implementation of the opening up policy and the broadening of economic and technological exchanges with foreign countries. He heartily welcomed Japanese entrepreneurs to actively enter into long-term cooperation with China in various fields of economy and technology.

OUTGOING ENVOY TO JAPAN HONORED IN TOKYO

OWO52010 Beijing XINHUA in English 1636 GMT 5 Aug 85

[Text] Tokyo, August 5 (XINHUA) -- Six organizations of Japan-China friendship gave a joint grand reception in Hotel New Otani this evening in honor of out-going Chinese Ambassador to Japan Song Zhiguang. Attending the reception were President of Japan-China Friendship Association Tokuma Utsunomiya, Chairman of the Japanese Association for the Promotion of International Trade Yoship Sakurauchi, Director-General of Japan-China Cultural Exchange Association Norio Shirato, Chairman of the Dietman's League for Japan-China Friendship Masayoshi Ito, Adviser of Japan-China Association on Economy and Trade Kaheita Okazaki.

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Heishiro Ogawa, vice-president of Japan-China Association, spoke at the reception on behalf of the six organizations.

The Chinese ambassador expressed thanks to all the friendly organizations, parties and friends of various circles in Japan for their contributions to promoting the Sino-Japanese friendly relations.

Also present at the reception were Director-General of Administrative Management and Coordination Agency Masaharu Gotoda, Deputy Speaker of the House of Representatives (lower house) Seiichi Katsumata and more than 700 friends from all walks of life.

SHANGHAI MAYOR FETES JAPANESE KOMEI DELEGATION

OW060857 Shanghai City Service in Mandarin 0100 GMT 5 Aug 85

[Text] According to a report by the XINHUA branch in Shanghai, Shanghai Mayor Jiang Zemin met and held a banquet for a Japanese Komeito delegation visiting China led by Chairman Yoshikatsu Takeiri at (Hengshan) Guesthouse on the evening of 4 August.

Jiang Zemin said: Shanghai is attempting to invigorate itself by implementing the party Central Committee's decision on urban economic structural reform. There is no question that this requires friendly cooperation with various countries in the world, especially Japan, a friendly neighboring country.

DPRK STRONGLY CONDEMNS KIM TAE-CHUNG ARREST

OW041815 Beijing XINHUA in English 1449 GMT 4 Aug 85

[Text] Pyongyang, August 4 (XINHUA) -- The Central Committee of the Democratic Front for the Reunification of the Fatherland has strongly condemned the South Korean authorities' recent house arrest of Kim Tae-chung, the well-known South Korean democrat, the local press reported today.

In a statement issued yesterday, the Central Committee said such an action is political retaliation against Kim Tae-chung.

The statement urged the South Korean authorities to unconditionally and immediately release illegally arrested students and other persons.

Kim Tae-chung has consistently called for democracy in South Korea and the peaceful reunification of the country, the statement said.

The statement point out that the house arrest of Kim Tae-chung is incompatible with North-South dialogue, relaxation of tension and national unity.

The South Korean authorities had placed Kim Tae-chung under house arrest for three days from July 31 to August 2.

PLANS TO RELEASE SRV POW'S IN AUG ANNOUNCED

OW051504 Beijing XINHUA in English 1454 GMT 5 Aug 85

[Text] Beijing, August 5 (XINHUA) -- The Chinese Government has decided to release 15 captured Vietnamese armed personnel in the last ten days of August. Wang Yingfan, deputy director of the Asian Department of the Foreign Ministry, met Vu Thuan, counsellor of the Vietnamese Embassy in China this afternoon and informed him of the decision.

Wang Yingfan said that Le Ngoc Tan and other 14 military personnel were captured by Chinese frontier guards when they invaded the border areas of China's Yunnan Province and Guangxi Zhuang Autonomous Region.

During the trials, he said, the captured confessed that they had been dispatched by the Vietnamese military authorities and admitted their guilt.

In the spirit of humanitarianism, the Chinese Government had decided to release them in the last ten days of August so that they could reunite with their families, Wang Yingfan noted.

XU JIATUN ADDRESSES FUTURE OF HONG KONG

OW052201 Beijing XINHUA Domestic Service in Chinese 1628 GMT 5 Aug 85

[Text] Hong Kong, 5 Aug (XINHUA) -- Xu Jiatun, director of the Hong Kong branch of the XINHUA NEWS AGENCY, delivered a speech tonight at the meeting of the Board of Directors of the Chinese General Chamber of Commerce here. His speech was entitled: "Face the Future."

He said: Right now, Hong Kong is entering a new historical period. Through the close cooperation of the Chinese and British Governments and the joint efforts of the people of all walks of life in Hong Kong, we must ensure that Hong Kong's future accords with the wishes of the people who live there and the guidelines laid down by the Sino-British declaration.

Xu Jiatun pointed out: "The fairly rapid development of Hong Kong's economy has its external factors as well as internal ones. In the next 12 years and after 1997, we should, from a macroscopic point of view, maintain the original capitalist social patterns, and keep and develop all the factors beneficial for the prosperity of the capitalist economy. The fundamental contradictions of capitalist society can only be relaxed and adjusted through coordination. From a microscopic point of view, it is natural that many things need reforming. However, reforms must be in keeping with the wishes and interests of people from all sections of society and tally with the level of people's awareness. All changes must be gradual. At present, some people in Hong Kong are worried about Hong Kong's future. They fear that many drastic changes may lead to the disruption of the original social patterns and the original social system. Their opinions should be taken into consideration."

Xu Jiatun said: "All reforms should be beneficial to the stability of the capitalist system, the continuity of the social system, the prosperity of the capitalist economy, the coordination of the interests of all sections of society, and the creation of a favorable economic and social environment. That is, local and overseas investors would reap even greater profits by effectively developing their economic activities; people with special skill and knowledge in all fields would acquire the social and economic status they deserve by bringing into full play their own wisdom and talents; and the living standards of the broad masses of people in Hong Kong would be steadily raised in line with the economic development there."

Xu Jiatun also said: "Hong Kong's economy is developed with capital from many sources and many groups. Investments from Chinese in Hong Kong, Overseas Chinese, foreigners, and from China account for a definite percentage of the total investments. In particular, British investments have a history of more than a century in Hong Kong. Investments from the United States, Japan, and other countries are also sharply increasing in Hong Kong. As a free port, Hong Kong should encourage investments from all over the world, while providing a good environment for fair competition. It should let investments from all the countries play their role in promoting Hong Kong's economy. In world economic activities, the economic forces of all sectors in Hong Kong should coordinate and cooperate with each other to jointly maintain Hong Kong's economic status and interests."

In conclusion, Xu Jiatun emphatically pointed out: "'One country, two systems' is our fixed national policy. We must resolutely implement and enforce it. In the course of historic developments, changes may take place in Hong Kong and in the motherland. However, such changes will only become even more beneficial to the implementation of the 'one country, two systems' policy, to the unity between the people in the motherland and the compatriots in Hong Kong, and to the economic ties between the interior and Hong Kong."

HU QILI RECEIVES AUSTRALIAN LABOR PARTY GROUP

OW050854 Beijing XINHUA in English 0844 GMT 5 Aug 85

[Text] Beijing, August 5 (XINHUA) -- Hu Qili, a member of the Secretariat of the Central Committee of the Chinese Communist Party, today met and feted a delegation from the Australian Labour Party, headed by Peter Duncan, member of the National Executive Committee of the Labor Party and member of the House of Representatives of the Commonwealth of Australia.

The visitors arrived here yesterday for a two-week visit to China as guests of the Chinese Association for International Understanding.

Present on the occasion were Li Yimang, president of the host association; Qian Liren, head of the International Liaison Department of the CPC Central Committee; and Australian Ambassador to China Dennis W. Argall.

THAI KING, QUEEN MEET OUTGOING PRC ENVOY

OW052105 Beijing XINHUA in English 1913 GMT 5 Aug 85

[Text] Bangkok, August 5 (XINHUA) -- King of Thailand Phumiphon Adunyadet and Queen Siritkit met at Chitra Lada Palace today with the outgoing Chinese Ambassador Shen Ping and his wife.

During the cordial meeting, Phumiphon spoke highly of friendly relations between Thailand and China, saying that the bilateral relations have been further promoted during the past 10 years. He also expressed his gratification with China's achievements in its economic construction in recent years.

EGYPTIAN FOREIGN TRADE MINISTER VISITS

Meets Huang Hua

OW030858 Beijing XINHUA in English 0818 GMT 3 Aug 85

[Text] Beijing, August 3 (XINHUA) -- China's current economic restructuring is being conducted under the prerequisite of socialism, Huang Hua, vice-chairman of the Standing Committee of China's National People's Congress, said here today. At a meeting with Egyptian Minister of Economy and Foreign Trade Muhammad Sultan Abu 'Ali, Huang Hua noted that China's new economic system, laws and management would be improved step by step.

Abu 'Ali said that Egypt, like China, was reforming its economy and it was beneficial for both countries to swap experience constantly. The strengthening of friendly relations between the two countries would help promote South-South cooperation, he added.

Both of them expressed satisfaction with the development of bilateral friendly relations, hoping that trade and economic and technical cooperation between the two countries would be further enhanced.

Present were Chinese Vice-Minister of Foreign Economic Relations and Trade Lu Xuejian and Egyptian Ambassador to China Ahmad Salim 'Abd al-Wahhab.

The Egyptian visitors arrived here for a goodwill visit yesterday as guests of the Ministry of Foreign Economic Relations and Trade.

Sings Trade Agreement

OW040827 Beijing XINHUA in English 0717 GMT 4 Aug 85

[Text] Beijing, August 4 (XINHUA) -- A long-term trade agreement and an additional protocol to the agreement were signed here this morning between the Governments of the People's Republic of China and the Arab Republic of Egypt. Zheng Tuobin, Chinese minister of foreign economic relations and trade, and Dr. Muhammad Sultan Abu 'Ali, Egyptian minister of economy and foreign trade signed the two documents on behalf of their respective governments.

According to the agreement, the two governments undertake to encourage and facilitate exchange of goods and services between the two countries on the basis of equality and mutual benefit. The contracting parties shall make best effort to maintain trade balance. They also hope to promote their industrial cooperation.

Before signing the agreement, Zheng Tuobin held talks with Dr. Abu 'Ali. They exchanged views on promoting the economic and trade relations between the two countries.

At noon, Vice Minister of Foreign Economic Relations and Trade Lu Xuejian gave a banquet in the Great Hall of the People for the visitors.

HU QILI MEETS SENEGALESE PARTY DELEGATION

OW041442 Beijing XINHUA in English 1412 GMT 4 Aug 85

[Text] Beijing, August 4 (XINHUA) -- Hu Qili, member of the Secretariat of the Chinese Communist Party Central Committee, met with a Senegalese Socialist Party delegation headed by the party's Politburo member Moussa Kante here this afternoon at the Great Hall of the People. Now the ruling party of Senegal, the Socialist Party established relations with the Chinese Communist Party in July 1979.

KANG SHIEN MEETS WITH CHILEAN PRESIDENT

OW011903 Beijing XINHUA in English 1500 GMT 1 Aug 85

[Text] Santiago, July 31 (XINHUA) -- Chilean President Augusto Pinochet today expressed his wish to further the friendly relations and cooperation in economy and culture between China and Chile. President Pinochet expressed this wish while meeting with Chinese State Councilor Kang Shien this afternoon at Moneda Palace. Kang also expressed the hope that exchanges in various fields between the two countries will be strengthened on the basis of the Five Principles of Peaceful Coexistence.

Kang, the most senior Chinese official to visit Chile since the establishment of diplomatic relations between the two countries in 1970, conveyed to President Pinochet the greetings of President Li Xiannian and Premier Zhao Ziyang.

Chilean Foreign Minister Jaime Del Valle and Chinese Ambassador to Chile Tang Haiguang were present at the meeting.

ARGENTINE VESSEL IMPOUNDED FOR NOT PAYING FEES

OW051834 Beijing XINHUA in English 1650 GMT 5 Aug 85

[Text] Tianjin, August 5 (XINHUA) -- The Tianjin maritime court has impounded a 9,000-ton Argentine ship because the owner has failed to pay navigation and anchorage fees, local officials said here today. The ship will now be auctioned to pay off creditors. The ocean-going vessel, M/V Lago Alumine, was rented by two Spanish companies to ship chemicals to China. The officials gave the Argentine owner's name as Trafluem Cia Arnadorasa, [spelling as received] who is alleged to have failed to pay fees for anchorage and for passing through the Suez Canal. The fees, amounting to 337,200 U.S. dollars, were paid by the two Spanish companies.

When the vessel arrived at Tianjin in June, the two Spanish companies hired a Chinese lawyer to act as their agent, and applied to the Tianjin maritime court for the ship to be impounded. The court ruled that the owner should provide 400,000 U.S. dollars as a guarantee within five days. When the owner failed to do so, the court ordered the ship to be seized on July 5. The two Spanish companies then asked for the ship to be sold, to enable them to recover their money.

Again, the court asked the Argentinian owner for 400,000 U.S. dollars in seven days. When the owner failed to do so, the court entrusted the Tianjin branch of the China Ocean Shipping Agency to sell the vessel. The branch sent the 24 Argentine crew members and a family member home on July 23, and hired a 15-strong Chinese crew to maintain the vessel. It put the ship up for auction on July 24. Six firms from Spain, Hong Kong and Tianjin have so far entered bids, and bidding will end on August 13. Tianjin maritime authorities are giving creditors until October 18 to enter claims. So far, the Argentine crew, the Spanish companies and the Tianjin branch of the China Ocean Shipping Agency have registered.

LI XIANNIAN RETURNS FROM NORTH AMERICA TOUR

OW060728 Beijing XINHUA in English 0719 GMT 6 Aug 85

[Text] Beijing, August 6 (XINHUA) -- Chinese President Li Xiannian and his wife, Lin Jiamei, arrived here by air from Shanghai this morning after paying state visits to Canada and the United States. The president arrived in Shanghai from Honolulu August 1.

Greeting the president at the airport here were Premier Zhao Ziyang, Vice-Chairman of the Central Military Commission Yang Shangkun, member of the Secretariat of the Chinese Communist Party Central Committee Hu Qili, Vice-Chairman of the National People's Congress (NPC) Standing Committee Huang Hua, State Councillor and Foreign Minister Wu Xueqian, and Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference Miao Yuntai. They shook hands with President Li and congratulated him on his successful visits to the two countries.

Also present at the airport were Vice-Premier Li Peng and member of the NPC Standing Committee Wang Zhaoguo, who had accompanied the president on the visit and had returned here earlier. Arriving here with President Li were his entourage, including State Councillor Ji Pengfei. Also present at the airport to greet the Chinese president were Interim Charges d'Affaires H.S. Hay of the Canadian Embassy here and Herbert E. Horowitz of the U.S. Embassy.

PLA TAKES ACTIVE PART IN ECONOMIC CONSTRUCTION

HK030900 Beijing ZHONGGUO XINWEN SHE in Chinese 0631 GMT 31 Jul 85

["Roundup" by reporter Qiu Jianhong: "China's Army Takes an Active Part in Economic Construction"]

[Text] Beijing, 31 Jul (ZONGGUO XINWEN SHE) -- Officers and men do not have to lay down their lives on the battlefield. Thousands upon thousands of PLA officers and men are distinguishing themselves in economic construction.

A construction contingent consisting of the ground forces, Air Force, and Navy has taken part in more than 10,000 economic construction projects of various kinds in the past few years by putting in the equivalent of 110 million work days and the work of more than 2 million motor vehicles on different occasions.

The busy figures of soldiers can be seen everywhere, whether in the vast expanse of the Shengli oil field or at railway construction sites on the northern border. The Army has undertaken more than 200 new construction projects this year, including building railways and airports, paving highways, and opening up mines. Some special units have also given full play to their skills by taking advantage of their technical superiorities. For example, the topographic unit of the Navy has completed a survey of water areas in 18 ports throughout the country this year and Air Force units have flown more than 10,000 sorties for the economic construction in the localities since 1982.

Some military facilities have been vacated for civilian use, which has helped solve some pressing problems in economic construction. In an effort to support the 14 open coastal cities, the naval units have taken the lead in vacating some military ports and airfields for civilian use. To date, Air Force units have opened to the nation 59 airfields and about 40 oil depots. Some military camping areas, sites, hospitals, and scenic spots listed as restricted zones in the past have also been opened one after another. About 200 special military railways have been opened to civilian use.

About 100 Air Force pilots have taken off their military uniforms and joined the ranks of civil aviation. Following the progress of cutting the Army by 1 million men, a larger number of trained personnel will participate in various construction projects in the localities. The National Defense Science and Technology Industry Commission, which has a strong technical force and economic strength, has also mobilized a large amount of manpower and material resources for the state's economic construction. It has been learned that the commission has worked out specific measures including the declassification of defense industry technology, and has set up various technological development corporations to apply the advanced technology of the defense industry in civilian production.

In an attempt to undertake more satisfactorily the responsibility of economic construction, the Chinese Army is paying close attention to cultivating the ability of soldiers to adapt themselves to civilian work. Many units have run various study classes such as car driving, business operations, and enterprise management. So far, 2.5 million officers and men of the Chinese Army have participated in special technological studies. Of this, more than 142,000 men have attended college courses and 430,000 men have received certificates for the completion of specialized studies and for technical levels.

NAVY'S LIU HUAQING CONFERS HONORABLE TITLE

OW041705 Beijing XINHUA Domestic Service in Chinese 1409 GMT 30 Jul 85

[Excerpts] Jinan, 30 Jul (XINHUA) -- Liu Huaqing, commander of the PLA Navy, and Political Commissar Li Yaowen signed an order to confer on Shi Jian, a soldier who bravely sacrificed his life while rescuing others during an emergency in Laoshan, Qingdao City, the honorable title of "Model CYL Member Who Sacrifices One's Own Life To Save Others." The naming ceremony was held today in Qingdao City.

At today's naming ceremony, Li Jing, deputy commander of the Navy, read out the order on conferring the honorable title on Shi Jian. The order urged all Navy commanders and fighters to keep firmly in mind, as Shi Jian and his comrades-in-arms did, the purpose of our Army, that is, serving the people wholeheartedly and willingness to shed sweat and blood and make sacrifices for the interests of the people. In carrying out activities of learning from martyr Shi Jian and other heroes who rushed to deal with the emergency in Laoshan, further efforts should be made to foster lofty communist ideals, develop a high sense of organization and discipline, regard the revolutionary interests as the supreme code of conduct, and ensure the successful completion of the structural reform, administrative streamlining, and reorganization.

Deng Zhaoziang, deputy commander of the Navy, conferred the certificate of merit; a medal of model hero, second class; and credentials on relatives of martyr Shi Jian. Party and government leaders of Shandong Province and Qingdao City, Navy commanders and fighters, and people of Qingdao City, 1,800 in all, attended the ceremony.

JINGJI RIBAO EDITORIAL SUPPORTS ARMY REFORM

HK051210 Beijing JINGJI RIBAO Chinese 1 Aug 85 p 1

[Editorial: "Support Army Reform and Building With Positive Action -- Celebrating '1 August' Army Day"]

[Text] Today is the 58th anniversary of founding the PLA. We extend holiday greetings and best regards to all officers and men of the PLA and of the Chinese People's Armed Police Force, soldier's dependents, members of revolutionary martyr's families, and disabled army men, ex-servicemen and the militia.

Our Army is the people's own Army. The Army and the people are as inseparable as fish and water and in the people's eyes, the Army presents a lofty image. Since the 3d Plenary Session of the 11th CPC Central Committee, the PLA, under the leadership of the party Central Committee and Central Military Commission, has carried out intensive education in the party's ideological and political line, thoroughly negated the "Cultural Revolution," strengthened military and political training, and restored and carried forward the Army's glorious traditions and fine work style, thus greatly enhancing the quality of the Army. It won great victories in the counterattack in self-defense against Vietnam as well as in many battles which have occurred since. These victories in smashing the invading Vietnamese aggressors show the might of our nation and Army. The PLA and the People's Armed Police Force have supported the government and cherished the people, supported reform, helped the country's key construction projects, and taken an active part in helping the people to survive natural disasters. They have enthusiastically helped localities promote public welfare undertakings, and worked energetically with the people to build socialist spiritual civilization, thus making new and greater contributions to our cause and fostering a large number of heroes and models. All this deeply convinces the masses that our Army is an important force in building the "two civilizations" and worthy of the title of the long-tested people's own Army. From now on, we must strengthen Army propaganda so that the people will have a deep understanding of the glorious history of our Army and realize the important role of our Army in building and defending the four modernizations and so that the whole society will respect and cherish our Army and support Army reform and building. This has deep significance for the great cause of the four modernizations and lasting peace for our country.

Our government recently decided to trim the PLA by one million. This is an important strategic policy decision, which reflects the common aspirations of the whole party, the whole Army and the people of the country and accords with the basic interests of the people of our country. Making the major PLA overhaul a success is not only a task of the Army but a common task of the whole party and the people of all nationalities as well. We must do a good job in making proper arrangements for a large number of demobilized soldiers and support Army reform with positive action. This is the duty of all localities and a concrete move to respect and cherish the Army.

In helping local economic construction in recent years, the Army has paid great attention in training the PLA to become competent in both military and civilian services, achieving marked results. In accepting military training and political education, officers and men were very enthusiastic in learning science and technology and acquiring general and managerial knowledge in order to become competent in both military and civilian services. According to a nation-wide survey made by civil affairs departments and the Army not long ago, vast numbers of ex-servicemen, who adhere to the Army's finework style and are bold and resolute in their work, have played a leading role in socialist modernization; many of them have become pioneers in developing commodity production in the rural areas. With the structural reform and reduction-in-strength being undertaken step by step in the Army, a large number of officers and men will go back to the local levels to participate in economic construction. We must enthusiastically welcome this vital new force for the socialist four modernizations, take care of their life and work, and create conditions for bringing their role into full play. Meanwhile, the masses of ex-servicemen should be modest and prudent, guard against arrogance and rashness, preserve and develop the People's Army's fine traditions and work style, and protect the reputation of the People's Army with action.

We are convinced that as long as the Army and the government as well as the Army and the people unite and are of one heart and one mind, they will certainly be able, as always, to fulfill the task entrusted by the party.

PLA HALL ASSOCIATED WITH DENG XIAOPING OPENED

OW060555 Beijing XINHUA Domestic Service in Chinese 1525 GMT 1 Aug 85

[By reporter Xuan Fenghua]

[Text] Hefei, 1 Aug (XINHUA) -- A memorial hall has been completed recently at Yaogang, the site of the Chinese PLA General Frontline Committee at the time of the 1949 cross-the-Chang Jiang campaign. It was formally opened to the public today.

During the period from mid-March to late April in 1949, under the leadership of Deng Xiaoping, Liu Bocheng, and Chen Yi, the General Frontline Committee, which commanded the advance forces of the 2d, 3d, and 4th Field Armies of the Chinese PLA in the campaign to cross Chang Jiang, was stationed at Yaogang village, 3 li northwest of Cuo Town in Feidong County, Anhui Province. At that time Deng Xiaoping was the secretary of the General Frontline Committee, and Liu Bocheng and Chen Yi were members of the Standing Committee. At Yaogang, the General Frontline Committee held two important military meetings, formulated the "outline for the Nanjing-Shanghai-Hangzhou operation," and made specific arrangements for the cross-the-Chang Jiang campaign. Under the General Frontline Committee's correct leadership, our heroic Army, 1 million strong, crossed the Chang Jiang, the so-called natural barrier, and wiped out more than 400,000 enemy troops in just 40 days. Our Army liberated the cities of Nanjing, Shanghai, and Hangzhou and the vast expanse of southern Jiangsu, southern Anhui, Zhejiang, northern Fujian, southeast Hubei, and northeast Jiangxi, opening an avenue for the victory in liberating the whole Chinese mainland.

To commemorate this great historically important event and to give the broad masses of people, particularly the young people, an education in patriotism and the revolutionary tradition, the Feidong County People's Government made the former site of the PLA General Frontline Committee a major place of preservation of historical relics and made a special appropriation of funds to repair the house and facilities formerly used by the committee. The original look of the house and facilities have thus been restored, and a large number of materials, including authentic objects and pictures, have been put on exhibition. These represent the heroic scenes of the cross-the-Chang Jiang campaign commanded by leading comrades Deng Xiaoping, Liu Bocheng, and Chen Yi.

NIE RONGZHEN ON 5 HEROES OF ANTI-JAPANESE WAR

HK050851 Beijing GUANGMING RIBAO in Chinese 29 Jul 85 p 1

[Article by Nie Rongzhen: "The Martyrs' Blood Nourishes the Flower of Victory of National Liberation -- Emulate the Revolutionary Spirit of the 'Five Heroes on Langya Shan'"]

[Text] The 40th anniversary of the victory of the Chinese people's war of resistance against Japan occurs on 3 September this year. The anti-Japanese war was a sublime and heroic struggle of national liberation. Whenever I recall the eventful years in the Shanxi-Chahar-Hebei area, I am always overcome with emotion and cannot remain calm. I am gratified by the victory won by the Army and people in Shanxi-Chahar-Hebei and I cherish more the martyrs' brilliant achievements. The martyrs have shed their blood on the land of Shanxi-Chahar-Hebei and the flower of victory has been nourished by their blood.

Looking back on the past, the "Five Heroes on Langya Shan" is one of the most moving heroic stories I have heard.

During the intervals of the fight against the "mopping-up operations" in the fall of 1941, the comrades of the military region headquarters told me that the story of the "Five Heroes on Langya Shan," spreading far and wide, took place during the battles of the first military subdistrict against the enemy's mopping-up operations. When the 1st Regiment, the main force of the 1st Military Subdistrict, received orders to join headquarters to smash the enemy's mopping-up operations, the 2d Battalion, led by regimental commander Comrade Qiu Wei, joined other forces and remained in the Langya Shan area to continue their struggle and to protect tens of thousands of the masses and our party and government organs in Laiyuan, Yixian, Mancheng, Xushui, and other counties. On 25 September, more than 3,500 Japanese and puppet soldiers attempted to suddenly encircle the Langya Shan area from different directions. The 2d Battalion received orders to protect the masses and to shield the main force while it was moving away. When the main force moved, leader Feng Baoyu, deputy leader Ge Zhenlin, and soldiers Hu Delin, Hu Fucai, and Song Xueyi of the 6th Squad, 7th Company of the battalion remained. In order to shield the masses and the main force as it was safely moving away, they drew the fire of hundreds of the enemy onto themselves and fought bravely and resourcefully for a whole day. They wiped out more than 100 Japanese and puppet soldiers and gradually drew the enemy to Qipantuo, the peak of Langya Shan. This was an impasse. Running out of ammunition and facing this impasse, the five heroes, with the spirit of rather dying than submitting, smashed their weapons and jumped down from the several-hundred-meter-high cliff. Comrades Ma Baoyu, Hu Delin, and Hu Fucai fell to the bottom and died heroically, while Comrades Ge Zhenlin and Song Xueyi were caught on tree branches half way. They escaped death by sheer luck and returned to the troops with wounds. The Japanese and puppet soldiers on the spot were struck dumb with fear by the noble spirit of the five heroes. It is said that at the meeting to mark the occupation of Qipantuo, held 2 days later, an officer of the Japanese troops bemoaned the heroic and indomitable spirit of the 8th Route Army. He said: "You should learn from the indomitable spirit of the 8th Route Army. Five of them caused us to lose more than 100 men, including those who died in a mine explosion...."

I was extremely excited after listening to this story. With such good fighters, we would certainly be able to win victory in the anti-Japanese war. I immediately instructed the comrades concerned to draft a citation and to call on the Army and people in the border region to learn from the "five heroes on Langya Shan." Later, we erected a "five heroes on Langya Shan" monument on Qipantuo. Comrades Wei Wei wrote an inscription on my behalf.

Over the past 40 years or so, the spirit of revolutionary heroism of the "five heroes on Langya Shan," well-known at home and abroad, has encouraged the fighting will of the Chinese people. As we make great efforts to carry out economic reform and build socialist modernization today, the spirit of the "five heroes on Langya Shan" in dedicating themselves to revolution and lofty ideals, their national integrity of being loyal to the motherland in the face of aggressors, and their lofty character of sacrificing themselves for the general situation are still of profound educational significance. The whole party, Army, and nation should learn from them. The comrades in the Army should particularly learn from the example of the "five heroes on Langya Shan," embody the noble spirit of being loyal to the revolution, fighting bravely, and taking the overall situation into account, and strive to win greater victories in the struggle to defend the motherland and in the building of the modernization of national defense!

As we commemorate the 40th anniversary of the victory of the anti-Japanese war, let us encourage each other in learning from the numerous revolutionary martyrs and the "five heroes on Langya Shan."

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LI XIANNIAN PREFACES BOOK ON ANTI-JAPANESE WAR

OW60100 Beijing XINHUA Domestic Service in Chinese 1142 GMT 2 Aug 85

[By reporter Yang Yusheng]

[Text] Zhengzhou, 2 Aug (XINHUA) -- Zhong Yuan Feng Huo [0022 0626 3536 3499 Flames of War in The Central Plains], a book on the resolute anti-Japanese struggle waged by the people in China's central plains under the leadership of the proletarian revolutionaries of the older generation of our party, has been published by the Henan People's Republishing House. It will be distributed throughout the country this month. The book's preface was written by Comrade Li Xiannian.

During the period in the central plains, under the leadership of our party, waged a life-and-death struggle against the Japanese aggressors. Zhugou Town, situated in Henan's Queshan County, was then the seat of the CPC Central Committee's Central Bureau and the Henan Provincial CPC Committee. Some of our party's high-ranking military officers, including Liu Shaoqi, Li Xiannian, Peng Xuefeng, Zhu Lizhi, Chen Shaomin, Xu Haidong, Luo Binghui, Luo Ruiqing, Tan Zhenlin, and Zhang Aiping, used to work and fight there.

ZHONG YUAN FENG HUO consists of 26 articles with about 310,000 characters and carries some valuable historical photos. It describes more comprehensively the history of the anti-Japanese struggle waged by the soldiers and people in the central plains, as well as the deeds of heroic personalities.

CHEN PIXIAN MEETS YOUTH REPRESENTATIVES IN HARBIN

OW041123 Beijing XINHUA Domestic Service in Chinese 1145 GMT 3 Aug 85

[By reporter Tan Peiquan]

[Text] Harbin, 3 Aug (XINHUA) -- Chen Pixian, member of the Secretariat of the CPC Central Committee and vice chairman of the NPC Standing Committee, received Shanghai youth representatives who support the construction of border areas yesterday afternoon at Huayuan Village in Harbin City. The five representatives were Yao Jianqun, He Xiaoming, Tan Meisheng, Wo Xiaoping, and Yi Kaiduan. Chen Pixian encouraged them to cherish high ideals and make new contributions to the construction of border areas.

The five representatives, between ages 35 and 36, all came to Heilongjiang from Shanghai in 1968. Chen Pixian said: The party and people have always been concerned for you. I am here also on behalf of Comrade Wang Zhen. Please convey our cordial regards to other young people from Shanghai, Beijing, Tianjin, Shandong, Hebei, and other places who are still working in Heilongjiang.

A responsible person of the Heilongjiang Provincial General Bureau of State Farms gave a briefing on the youth's work. Chen Pixian said: As far as youth are concerned, we must first conduct education in ideals; second, we should bring into full play their skills. Our country has a territory of 9.6 million square km. Except for a few large coastal cities which are relatively economically developed, the vast border areas are still relatively backward. Heilongjiang Province is 460,000 square km in size, about four times that of Jiangsu Province. It is a really vast territory with abundant resources in mountains, rivers, plains, and everywhere waiting to be developed. It would be impossible to develop and construct the border areas without the support of youth from coastal areas. The policy of sending large numbers of youth to help in border construction was correct and has yielded great results.

Shanghai and other large coastal and inland cities should train and send large numbers of educated, knowledgeable and skilled youth to all corners of the motherland to support construction of border areas. When they arrive, it is essential to assign appropriate jobs to them according to their specialities. They should not be restricted to farming; and farms should develop diversified undertakings, all kinds of processing industries, and service trades. In doing so, we can provide more jobs to youth. Other units can develop education or scientific research, both requiring personnel, and can bring specialities into play. I believe that as long as there is an appropriate policy attractive to them, more and more youth will come to the border areas.

Chen Pixian also listened attentively to the representative's report on the situation of youth. He told the responsible persons concerned of the provincial General Bureau of State Farms to care for the youth and earnestly help them resolve practical difficulties.

ECONOMIC COMMISSION CIRCULAR URGES LOWER FEES

OW060434 Beijing Domestic Service in Mandarin 1200 GMT 2 Aug 85

[Text] The State Economic Commission recently issued a circular on examining enterprises' social burdens. The circular says: The practice of exacting different fees or expenses from enterprises under various pretexts is prevailing everywhere, thus increasing the social burdens on enterprises. According to an investigation conducted in Hunan Province, in 1984 the enterprises in Changsha City had to pay 60 different fees, which were grouped under 6 categories. This means a per capita payment of 19.3 yuan by enterprise workers. Since the beginning of last year, the Zhuzhou No 3 spark plug plant has paid 16 different fees, amounting to more than 1 million yuan, or 28 percent of the profit it made in the same period. It has been reported that similar situations exist in varying degrees in other areas. The excessive burdens imposed on an enterprise have seriously affected its capability for self-transformation and development, decreased state revenues, and encouraged unhealthy tendencies in society. There have been strong reactions from the enterprises.

The circular calls on all provinces, autonomous regions, municipalities, and the State Council's industrial and commercial departments to check whether enterprises' social burdens are excessive, analyze the causes, and make suggestions on how to correct this situation.

ARTICLE ON PROBLEMS IN DEVELOPING WESTERN CHINA

HK050731 Beijing RENMIN RIBAO in Chinese 29 Jul 85 p 5

[Article by Kuang Haolin: "In Developing the Economy of Western China, Attention Should Be Paid to the Characteristics of Minority Nationalities" -- capitalized passages published in boldface]

[Text] The western part of our country is a region where minority nationalities live in compact communities, and a region inhabited by several minority nationalities. The problem of the economic development of western China is, to a considerable extent, a problem of economic development of minority nationalities. While promoting the economic development of western China, we should pay attention to the characteristics of minority nationalities in this region, and take into account their needs and interests.

To do so, we should pay attention to the following problems:

1. **RETAINING BUSINESS TRADITION OF VARIOUS MINORITY NATIONALITIES, WHICH WAS FORMED IN HISTORY.** Various minority nationalities in western China have their own tradition in production.

The Mongolian nationality, Kazakh nationality, Yuku nationality, and others on the grasslands have been running animal husbandry for ages. Dong nationality, Miao nationality, Buyi nationality, and others, who live along the Qingshui Jiang valley in Guizhou, also practiced forestry before liberation. Qiang nationality, Xizang nationality, and others living in Sichuan, Xizang, and Qinghai are good at planting medical herbs such as the bulb of the fritillaria, Chinese caterpillar fungus, safflowers, and others. Baoan nationality in Gansu is good at making "Baoan knives." All these traditional business items have been pursued by the masses of various nationalities in light of local natural conditions and local practice in production. If the local natural conditions are not considerably changed, it is inadvisable to change these business items. On the contrary, we should continuously improve and develop them. The method of running animal husbandry can be changed from moving about in search of pasture into establishing herdsmen's settlements, or from relying on natural conditions alone into relying on science. But the animal husbandry itself cannot be weakened. The method for making "boan knives" can be improved. Modern tools rather than manual tools should be used. But the production itself should not be cancelled. For a certain period of time in the past, we laid undue stress on taking grain as the key link. Vast grasslands and mountain forests in the west were recklessly ploughed and felled, and grain was planted on the shady land which was suitable for the growth of medical herbs. Experienced handicraftsmen were forced to plant crops. As a result, various trades were severely harmed. We should bear this lesson in mind.

2. DEALING IN DIFFERENT WAYS WITH ECONOMIC RELATIONS HISTORICALLY FORMED BY VARIOUS REGIONS WITH FOREIGN COUNTRIES. Many regions in the west are located in the border area. A number of minority nationalities are living in areas straddling the border. In history, they formed very close economic relations with foreign countries. These economic relations have developed in modern times. With regard to these economic ties, we should adopt an analytical attitude toward them. We should on no account totally exclude them. Before the liberation, a large quantity of opium was sent to Yunnan in order to resell it in the interior. Of course, such economic relations must not be continued. In modern times, Xizang has partly imported grain from Nepal, because the price is much cheaper than that imported from Sichuan. Such economic relations may help us enliven the economy and make up the deficiency in our economic life. Therefore, they should be maintained and developed.

3. INSISTING ON THE PRINCIPLE OF MUTUAL BENEFIT. In the past, economic relations between the west and the interior were characterized by the fact that the west supplied the interior with raw materials (including fur, timber, mineral products, and so on) whereas the interior supplied the west with industrial goods. Due to the unreasonable price system, the areas which supplied raw materials rarely made a profit. This dampened the enthusiasm of the people of various nationalities for production. In the future, apart from properly readjusting the price system, the interior should help the west gradually develop processing industry, so that the backwardness of these areas of relying on the export of raw materials will be improved. In such a way, the west will become prosperous like the interior.

4. TAKING INTO ACCOUNT SPECIAL NEEDS OF THE MINORITY NATIONALITIES IN THEIR DAILY LIVES. Many minority nationalities in the west have their own special needs in daily life. If our economic work fails to satisfy their needs, this will give inconvenience to the masses in their daily lives. In the meantime, this will also produce bad influence on them.

People of some minority nationalities in the west like to wear various kinds of ornaments. However, for a certain period of time in the past, these goods were not available. People had to buy smuggled goods at higher prices. People of the Mongolian nationality like to eat parched rice and people of the Xizang nationality like to eat zanba [roasted qingke barley]. However, the per mu output of broom corn millet and qingke [highland barley] is not so high as wheat. Some localities for a time reduced the acreage under broom corn millet and qingke in order to increase the output of grain. This caused great inconvenience to the masses. All this should be changed.

JINGJI RIBAO ON REFORM IN A DEVELOPING ECONOMY

HK050442 Beijing JINGJI RIBAO in Chinese 30 Jul 85 p 1

[Commentator's article: "Reform Is For Developing the Economy in a Sustained, Stable, and Harmonious Manner"]

[Text] The several decades between now and the mid-21st century is an important period for our four modernizations and economic invigoration. Our target is to quadruple the gross annual industrial and agricultural output value by the year 2000, which is the first step, and approaching or catching up with the level of economically developed countries in the first half of the 21st century, which is the second step.

The realization of these bright prospects a few decades from now depends on the success of the reform. Our people's living standards are comparatively low at present and our country is not rich. The fundamental cause are the malpractices existing in our managerial system and the disharmony in all kinds of economic relations, which have hindered the development of productive forces. Therefore, doing a good job in the reform of the economic structure, conducting respective reforms in the fields of science, technology, and education will help overcome the shortcomings in the original structure which have hindered the development of social productive forces, make economic relations harmonious, emancipate productive forces, promote the sustained, stable, and harmonious development of the economy, and achieve the aim of making the country powerful and the people prosperous. For example, the reform of the price system under way is to make price relations harmonious, making them conform to the demands of the law of value. The 1985 plan for the price reform has been worked out and its implementation has been somewhat plain sailing. If we persist in the reform of the price system meticulously, it will be possible for us to get rid of the old system, and to turn the price system on a new track which is favorable to making economic relations harmonious and to greatly changing the features of the whole economic life.

Our rural reform has been going on for more than 5 years now; and it has been 9 months since our urban reform was unfolded all round. Through reform, the proportional relationship between agricultural and industry and between light and heavy industry have become comparatively harmonious, and the proportional relationship between consumption and accumulation is comparatively harmonious, promoting each other's common growth. These conditions are unprecedented. Practice has demonstrated that our way of reform is correct. Going along with our way of reform, it will be possible for us to make all relationships harmonious within 3 or 5 years, which will lay a foundation for the sustained, stable, and harmonious development of our national economy in the next decade, the next half century, or the next 70 years. At present, the reform is being carried out in depth and the general situation is fine. We should base ourselves on the present, keep the future in mind, and have a deeper understanding of the future, and conscientiously persist in the reform. We must persist in the reform, even if we should meet with some storms.

To persist in the reform, it is necessary to do our best to provide some good conditions for it. Reform needs a comparatively relaxed economic environment. Reform in the price system and in the wage system are two of the most important and arduous tasks, which depend on maintaining a stable economic situation and some leeway. By a comparatively relaxed economic environment, we mean an appropriate rate for economic development, a balance between social production and social demand, and a rational distribution of funds, goods and materials, and labor resources in various departments of the national economy and various localities. Therefore, it is necessary for us to stand high and see far in the reform, to give the quality of products top priority, to work hard to improve comprehensive economic results, and to develop social productive forces. Our economic workers, the leading comrades of regions, departments, and units in particular, must have a wider vision and should have the general interests in mind, safeguarding the interests of the state and the people and keeping control of the irrational growth in the use of consumption funds, credit loan funds, investment in fixed assets and foreign exchange. At present, some units have made little progress in production, their labor productivity is low, and some even have deficits. However, they have been doing their utmost to arbitrarily distribute money or goods in kind, they have even gone so far as to divert production funds, spend taxes or profits that should have been handed over to the state, and obtain loans under pretexts. Some of them have disregarded quality and economic results, in the sheer pursuit of output value and speed; others have shown no regard for what the state can bear and have engaged in projects blindly and expanded the scope of capital construction. All this will strain the national economy and cause difficulties for the reform and must be resolutely controlled and corrected by administrative and economic means. Only then, will it be favorable to maintaining the sustained, stable, and harmonious development of the national economy.

GUANGMING RIBAO ASKS LEADING CADRES TO READ MORE

HK050611 Beijing GUANGMING RIBAO in Chinese 28 Jul 85 p 1

["Weekly Forum" by Gao Yang: "Encourage Party and Government Leading Cadres To Read Literature and Art Works With a Realistic Theme"]

[Text] A few years back, some party and government leading cadres did not even know who "Director Qiao" [hero in the novelette "Factory Director Qiao Assumes Office"] was whenever he was mentioned. They did not know, either, who a "Marxist old lady" was [refers to a character in the novelette "A Man at Middle Age"] and in what context she appeared. They came to know "Body and Soul" written by Zhang Xianliang only when they had seen the movie "The Herdsman" based on the story; and came to know about Tie Ning's "A Red Shirt Without Buttons," only when they had seen the movie "A Young Lady in Red" based on it. Such phenomena are no longer strange because people have known about them for a long time.

In leading the four modernizations, some party and government leading members know very little about the ideological and theoretical circles and the cultural and art circles.

They are separated from each other, as if a wall was standing between them, despite the fact they are not far from each other. Self-closure and self-isolation have made these leading cadres fail to stand high and see far, and take the whole situation in view, which has brought serious injuries to their work. There is actually the need to call out to them to change this situation. However, it will be rather difficult to do away with all such malpractices for various complicated reasons. But still, it may help trying to read some fine literature and art works with a realistic theme.

It is universally known that Marx, Engels, Lenin, and Stalin often read literary masterpieces; Comrade Mao Zedong was very familiar with the "Complete Works of Lu Xun"; and both Comrades Zhou Enlai and Chen Yi were lovers of literature and art. Under our actual conditions, it will be very helpful for leading cadres, senior leading cadres in particular, to read some literature and art works with a realistic theme, especially novels. In order to "grasp the situation and have a good mastery of policies," leading cadres need to conduct investigation and research. However, because of the limitation of time, the estrangement between leading cadres and the masses and the restriction of all kinds of social contradictions, the results of their investigation and research often fail to get to the essence of things, even when they are conducted in a most serious manner. Sometimes, they can see only one side of a matter. But if one reads some fine novels with realistic themes, it will help mend the defects in investigation and research, and help one to have a correct and detailed understanding of all sorts of things concerning social contradictions. Facts have proved that even with those leading cadres who are seasoned and know the ways of the world may understand the situation of the intellectuals in "A Man at Middle Age," but they may not have any knowledge about the sufferings of those intellectuals who were labeled rightists or counter-revolutionaries and exiled to remote border areas in the northwest in the novelette "Trees in the Afforesting Zone." Those who realize the hardships of the poverty-stricken college student from the countryside in his strife in the novelette "Lotus Emerging From the Pond," may not have knowledge about a senior high school graduate in the rural area, whose aspirations grew ever more stronger in an adverse environment in the novelette "The Girl Chun and Her Small Truck." Those who understand the bureaucratism of the director of the research center in "The Walls" may not have knowledge about the "style of a fault-finding mother-in-law" of the lady director in the novelette "A College Graduate Appointed to a Small Factory." They may neither have knowledge about the disgusting ways of some intellectuals suppressing other intellectuals as in the novelette "Unripe Condition." It will certainly be more profound, more effort-saving, and much easier for leading cadres to find out about the above mentioned situations from literature and art works than what they can make out from their own investigation and research.

Reading literature and art works which present typical examples and give expression to realistic social contradictions is profitable not just in the ordinary sense; it will be helpful for leading cadres to deepen their understanding of reality; and then, they will be able to give correct guidance in their work. Some comrades have gradually weakened their feelings for the masses in breathing the same air with them, because they have long been in a leading position, and they have less contact with the masses.

Reading some literature and works which describe the bitterness and joy of the people will help clean away the dust in one's ideology, or in the language of artistic literature, help purify the soul. At the same time, through reading literature and works one may have some understanding of the trends in the literature and art circles. It will help lessen the difficulties on the part of leadership being "laymen in garb of leading experts" in giving guidance to ideological education and building spiritual civilization. At the same time, it will help avoid contradictions arising from lacking a common language with personages in the literature and art circles, and mistakes in leadership. With the vigorous development of China's economic construction, spring has come for our literature and art undertakings, which are blooming, full of vitality. Today, literature and art newspapers and magazines flourish, and new talent in literature and art keep emerging. Under such circumstances, how can our leading cadres catch up in their reading of some famous works by some famous writers with some choice? It is, in fact, easy and convenient. The principle is fewer and better. A copy of XINHUA WENZAI [XINHUA DIGEST] will generally serve the purpose very well. It will not be too difficult either to read some newspapers and magazines of literature and art, and some fine literary works according to one's time and interest, in order to keep abreast of the new features of the world of letters. If one should like to read more, but does not know what to begin with, it will not be a problem to ask the comrades from the propaganda and cultural departments to regularly brief us on some fine literary and artistic works. In short, so long as one begins to read, and gradually realize the interest in reading literary and artistic works, it will be easy to decide what to read.

There are quite a few of our leading cadres at all levels who are scholars of profound knowledge, and I have not the slightest intention of displaying my meager knowledge before them in what I have said here, but rather to advise those comrades who have not yet read any literary and artistic works. To my knowledge, the reason some comrades have not been able to read such works is chiefly that they are constantly stuck in the position of being in a rush and a muddle, and find it beyond themselves to care for "things not too pressing." Therefore, it is primarily necessary to improve one's ability in leadership in order to create a prerequisite for reading literary and artistic works; otherwise, if one should struggle all day among piles of documents and endless meetings, and become exhausted when one calls it a day, the reading of literary and artistic works will be out of the question.

DENG YINGCHAO PREFACE TO ZHANG ZHIZHONG MEMOIRS

HK050647 Beijing RENMIN RIBAO Overseas Edition in Chinese 30 Jul 85 p 8

[Article by Meng Yingchao: "Preface to 'Memoirs of Zhang Zhizhong'" -- reprinted from "Memoirs of Zhang Zhizhong"]

[Text] Between Mr Wenbai [alias Zhang Zhizhong] and the party there are long historical relations. Beginning in 1924, in the Whampoa Military Academy, he often associated with Zhou Enlai, Hui Daiying, Siong Xiong, and other comrades, and endeavored to safeguard unity between the KMT and the CPC.

For a long period of time, he was engaged in educational work in the central military academy. In 1932 he took part in the "28 January" anti-Japanese incident to defend Shanghai. During the second revolutionary civil war period, Mr Wenbai was one of the KMT army men who did not fight the communists.

In the periods of the war of resistance against Japan and the war of liberation, on behalf of the KMT, Mr Wenbai held many peace talks with our party. In the autumn of 1945, he personally met and accompanied Comrade Mao Zedong when the latter traveled to and fro between Chongqing and Yanan. In the spring of 1946, he once again went to Yanan with Marshall and Comrade Enlai. His "three trips to Yanan" became a much-told story in history. During the period when Comrade Mao Zedong was holding talks in Chongqing, Mr Wenbai made his home a place for Comrade Mao Zedong to meet guests and rest. In the winter of 1945, Mr Wenbai went to Xinjiang under orders. Before he left, Comrade Enlai and I went to the Guiyuan garden of the Shangqing monastery in Chongqing to see him and asked him to think of a way to rescue the Communists and patriotic personages who had been put in prison by Sheng Shichang in Dihua. Mr Wenbai agreed to do so without hesitation. Thus, a number of Communists were released before the civil war restarted and they went back to Yanan safely.

In April 1949, the delegation of the KMT government, with Mr Wenbai as the chief representative, drafted a "peace agreement" with our party, but it was rejected by the Nanjing national government. Since Mr Wenbai had steadfastly adhered to the three great principles of Dr Sun Yat-sen, he was able to make correct choices at critical historical moments. With firm resolution, he remained in Peiping and issued a "statement on the current situation" and later joined the CPPCC on invitation. He also sent telegrams to General Tao Zhiyue and Chairman Burhan Shahidi, which helped to bring about the peaceful liberation of Xinjiang.

After the founding of the PRC, Mr Wenbai made important contributions to the socialist construction and reunification of the motherland. He was upright, openhearted, and aboveboard. He showed utter devotion to our party and always spoke without reservation. From building the Army in the Whampoa academy to building the country together with our party, judging from both his words and his deeds, Mr Wenbai was a typical representative of the KMT members who always advocated KMT-CPC cooperation.

"Memoirs of Zhang Zhizhong" is an account in his own words remaining from his lifetime. It is a record of his activities in the political and military fields, reflecting his love for the motherland and pursuit of truth. Since he was among the supreme policy-makers of the KMT for a long period of time, these memoirs provide much important historical material which is of special significance to the study of China's modern history, especially to the study of KMT-CPC relations. After reading these fervent and vivid memoirs, we can see a man of bright individual character and the basis for his taking the socialist road. We can also learn something about the history of our country during that period.

The people will never forget all those who have done them good turns. Mr Wenbai made important contributions to the Chinese democratic revolution and socialist construction, and he will always be commemorated by the Chinese people generation after generation. From when we became acquainted with each other in Guangzhou in 1925, Mr Wenbai and I had been very good friends. On this occasion that the memoirs are soon to be published, allow me to write these few words for the compilers' reference and to express my deep memories of Mr Wenbai.

ECONOMIC OFFICIAL STRESSES EQUIPMENT MAINTENANCE

OW051230 Beijing Domestic Service in Mandarin 1200 GMT 3 Aug 85

[Text] Speaking at a meeting sponsored by the State Economic Commission on maintenance and management of equipment, Zhao Weicheng, vice minister in charge of the commission, said today that the nation's machinery, which is worth 270 billion yuan, is a precious asset needed for accomplishing the four modernizations, and must be properly managed, used, and maintained.

He said: Certain enterprises pay much more attention to production than maintenance. While they operate their equipment a lot, they pay little attention to its maintenance. Because of poor maintenance, he said, the breakdowns, even in new equipment, have become quite frequent. Such a situation is highly unfavorable for maintaining productivity and product quality, he said.

Zhao Weicheng urged the enterprises to keep firmly in mind the following three concepts:

First, the concept of lifelong management of equipment. He said: The purchase installation, operation, maintenance, replacement, remodelling and scrapping of equipment must be managed in a comprehensive manner.

Second, the concept of wholehearted service for consumers. He said: maintenance and repair service for major products and durable consumer goods, as well as the supply of spare parts, should be readily available; and advertisements should be truthful and not exaggerated.

Third, the concept of quality first. He said: Quality should be considered as the most important requirement in the maintenance of equipment.

NI ZHIFU UNVEILS STATUE OF MARTYR IN TIANJIN

SK020738 Tianjin City Service in Mandarin 0030 GMT 2 Aug 85

[Excerpt] The dedication ceremony for the bronze statue of martyr Zhang Tailei, a great revolutionary pioneer and a noted proletarian revolutionist, was held at Beiyang Square of Tianjin University on 1 August.

Comrade Hu Yaobang, Nie Rongzhen, and Xu Xiangqian wrote inscriptions for the bronze statue of martyr Zhang Tailei.

The inscription of Hu Yaobang reads: martyr Zhang Tailei. The inscription of Nie Rongzhen reads: The light of Beiyang. And the inscription of Xu Xiangqian reads: A revolutionary pioneer.

Ni Zhifu, member of the CPC Central Committee Political Bureau, and secretary of the Tianjin Municipal CPC Committee, unveiled the bronze statue of martyr Zhang Tailei. Tan Shaowen, deputy secretary of the municipal CPC Committee; He Guomo, member of the Standing Committee of the municipal CPC Committee; and Nie Bichu, vice mayor, as well as other leading comrades of the municipal CPC Committee and government attended the ceremony.

(Zhu Kaixuan), vice minister of the State Educational Commission; relatives of martyr Zhang Tailei; and Comrade (Xu Shaoxi), vice chairman of the Hangzhou City CPPCC Committee and a representative of martyr Zhang Tailei's hometown made special trips to Tianjin to attend the ceremony.

QIAO SHI AT FUNERAL SERVICE FOR LIU DUOQUAN

OW041120 Beijing XINHUA Domestic Service in Chinese 1318 GMT 3 Aug 85

[Excerpts] Beijing, 3 Aug (XINHUA) -- Liu Duoquan, member of the 6th CPPCC National Committee, and adviser to the Standing Committee of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, died in Beijing on 22 July 1985. The meeting to pay last respects to the remains of Comrade Liu Duoquan was held this morning at the Beijing Hospital.

Among the comrades and units sending the wreaths were: Ye Jianying, Deng Yingchao, Ulanhu, Xi Zhongxun, Wang Zhen, Gu Mu, Zhu Xuefan, Liu Lantao, Lu Dingyi, Cheng Zihua, Yang Jingren, Kang Keqing, Ji Fang, Zhuang Xiquan, Pagbalha Geleg Namgya, Hu Ziang, Wang Kunlun, Qian Changzhao, Dong Qiwu, Tao Zhiyue, Yang Chengwu, Xiao Hua, Chen Zaidao, Lu Zhengcao, Zhou Peiyuan, Burhan Shahidi, Miao Yuntai, Wang Guangying, Deng Zhaoxiang, Fei Xiaotong, Zhao Puchu, Ye Shengtao, Qu Wu, Ba Jin, Ma Wenrui, Mao Yisheng, Liu Jingji; the CPPCC National Committee; the CPCCC United Front Work Department; the Central Committee of the Revolutionary Committee of the Chinese Kuomintang; the central committees of other democratic parties; and the All-China Federation of Industry and Commerce.

Qiao Shi, Qian Changzhao, Fei Xiaotong, responsible persons of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang and responsible persons of Liaoning Province, as well as friends and relatives of the late Comrade Liu Duoquan totaling 300 persons went to the Beijing Hospital to pay last respects to the remains of Comrade Liu Duoquan this morning.

SOVIET-MADE PASSENGER PLANE BEGINS OPERATION

OW051221 Beijing Domestic Service in Mandarin 1200 GMT 3 Aug 85

[Text] A TU-154 aircraft leased by the China Air Transport [chung guo hang kong lian yun gong si] began its trial operation today.

The aircraft is a large, medium-range passenger aircraft imported from the Soviet Union not long ago. This type of aircraft is quite safe and economic to operate.

FURTHER REPORTAGE ON HAINAN PROFITEERING CASE

Investigation Report

OWO21209 Beijing XINHUA Domestic Service in Chinese 0103 GMT 31 Jul 85

[Text] Beijing, 31 Jul (XINHUA) -- Hainan Island's serious offense of importing and reselling large quantities of motor vehicles and other supplies has been confirmed. According to investigation, the offenses of importing and reselling motor vehicles, speculating on foreign exchange, reckless lending and borrowing money, and so forth, show that certain principal leading cadres of the Hainan Administrative Regional CPC Committee and the Hainan Administrative Regional People's Government have disregarded party and administrative discipline, disobeyed the instructions the Central Committee and the State Council set forth in their guidelines for Hainan's construction, paid no attention to the general needs or the rampant irregularities, disrupted economic reforms, and discredited and delayed Hainan's development and construction. These serious offenses have exposed the lawlessness of certain areas and departments.

Recently, after an in-depth investigation that lasted more than 2 months, the combined investigation group made up of investigators from the Central Discipline Inspection Commission, the State Auditing Administration, the State Economic Commission, the Ministry of Economic Relations and Trade, and State Council's Office in Charge of Special Districts, the State Bureau of Materials and Equipment, the Guangdong Provincial CPC Committee and the Guangdong Provincial People's Government, produced the "Investigation Report on Hainan Island's Import and Reselling of Motor Vehicles and Other Supplies."

The investigation report says: During the period from 1 January 1984 to 5 March 1985, certain principal leading cadres of the Hainan Administrative Regional CPC Committee and administrative regional government approved the importation of the following: More than 89,000 motor vehicles (over 90 percent were sedans and vans) and component parts; 2.86 million television sets, including component parts; 252,000 videotape recorders, including component parts; and 122,000 motorcycles. Of the items approved, 79,000 motor vehicles, 347,000 television sets, 134,000 videotape recorders, and 45,000 motorcycles have arrived in Hainan. It is obvious that Hainan's construction and consumers cannot absorb all of these supplies, and most of them, such as sedans and vans, are non-essential to Hainan's construction. As a matter of fact, of the motor vehicles that have been imported, over 10,000 have been resold to 27 provinces, municipalities, and autonomous regions. Most of the other supplies have also been resold outside the island. This violates the regulations of the CPC Central Committee and the State Council that Hainan may import motor vehicles needed for its construction, but that they may not be resold outside the island.

The investigation report points out: In order to import motor vehicles and other supplies, the relevant cadres of Hainan Island have violated the state's regulations for foreign exchange control, and have illegally purchased \$570 million of foreign exchange the state allows Hainan to keep. At the same time, it has borrowed an aggregated 4.21 billion yuan, or 1 billion yuan more than the island's total value of industrial and agricultural output in 1984, for importing motor vehicles and other supplies. As a matter of fact, the island is unable to repay many of its loans, and it is still 2.1 billion yuan in debt.

The investigation report recalls: While approving the document on expediting Hainan's development and construction, the CPC Central Committee and the State Council clearly stated in April 1983: "Hainan's development and construction must be based on its potentials and stress economic results, so that an economic structure with distinctive Hainan characteristics can be gradually built."

They added that Hainan should "actively and reliably use its foreign capital, import advanced technology, develop import-export trade and tourism, and expedite internal development through opening to the outside world." This is a correct guiding principle for Hainan's development and construction. However, the principal leading comrades of Hainan Administrative Regional CPC Committee and Administrative Regional People's Government have run counter to this principle. Proceeding from their own interests, taking advantage of the loopholes in state policies, and abusing the decision-making authority granted by the central authorities, they have resorted to profiteering by importing and reselling large amounts of goods controlled by the state. During the first half of 1984, they imported 2,300 motor vehicles and large amounts of other supplies. Later, leading comrades of the administrative regional party committee and government used every opportunity to encourage official organs to set up companies for commercial business. Realizing that importing and reselling motor vehicles could make big money quickly, leading members of the administrative regional government, through a 2-step plan, set new profit quotas for Hailian and Xintuo, two large companies under the Hainan Administrative Region, raising their profit quotas from 17 million yuan early in the year to 100 million yuan. Shortly afterward, importing and reselling motor vehicles were under way in an organized and well-guided manner.

In July the same year, they approved the importation of 13,000 motor vehicles. In August the administrative regional party committee and government sent Chen Yuyi and Chen Yinghao, leading cadres of the administrative regional government, to Hong Kong to purchase motor vehicles. In addition to the 4 companies authorized to import motor vehicles, they set up 24 more, and authorized leading members of the administrative regional government to approve import of motor vehicles, sidestepping such responsible departments as the Hainan Administrative Regional Planning and Economic Commission that oversee the overall balance of the region's economic development. Chen Yuyi alone approved the import of over 73,000 motor vehicles, and Lei Yu, deputy secretary of the Hainan Administrative Regional CPC Committee and a principal leading member of the Hainan Administrative Regional People's Government, directly approved the importation of over 8,300 motor vehicles.

To resell motor vehicles in a big way, the party committee and government issued two documents to encourage various other party and administrative organs to engage in commercial undertakings. In one document, they ruled that the administrative regional government was going to transfer its authority to examine and approve the establishment of companies to the regional Industrial and Commercial Bureau. In another document, they proposed that all administrative units and establishments in Hainan could give everyone in their units a monthly subsidy of 20 yuan to encourage island construction, saying that the amount could be paid in full or in part according to the amount of profits they made, and that the amount of money needed for this purpose could be drawn from the retainable profits made from operating commercial business. This gave rise to setting up on the island a total of 872 large or small government-sponsored companies engaging in reselling motor vehicles and other high grade consumer goods. With the exception of the Hainan Administrative Regional Discipline Inspection Commission, Public Security Bureau, Archives Bureau, Research Office, Construction Commission, and Judicial Bureau, the remaining 88 of the 94 departments and bureaus have all become motor vehicle dealers. Following the examples of the administrative regional organs, all the counties, cities, departments, and even schools, and kindergartens have become car dealers. During the latter half of 1984, leading cadres of many units left their posts and traveled all over to seek loans and approval for importing car parts, and to speculate on foreign exchange.

The CPC Central Committee and the State Council ruled in their document on Hainan's development and construction that "imported supplies and commodities controlled by the state can be used and sold only within the Hainan Administrative Region and cannot be resold outside the island."

The administrative committee and government, however, took countermeasures and used illegal means to resell motor vehicles outside the island. First, they imported new motor vehicles and sold "used" ones. Taking advantage of the regulations that used motor vehicles may be resold outside the island some units resold outside of the island new vehicles that had been driven for only several months. The second way is by deception, getting around the higher authorities' inspection by stamping such phrases as "not to be resold outside of the island" or "island use only" on official documents approving the import, on the invoice of car sale. Third, they resold large numbers of motor vehicles outside the island in the name of "operating joint businesses" with other parts of the country. The fourth way is to legalize the trade by approving resales of motor vehicles outside the island after imposing a fine.

To a certain extent, the mistake of reselling imported motor vehicles was caused by a speech by Comrade Wang Jiangyun, deputy director of the Market Department under the State Industrial and Commercial Administration. At the end of July 1984, Wang Jiangyun said at a national symposium on business management: "With the approval of competent authorities of the various inland provinces, autonomous regions, and municipalities directly under the central government, official organizations, mass organizations, and establishments in those areas should be allowed to buy motor vehicles in Guangdong and Fujian Provinces, provided those vehicles are truly to be used for production and scientific research purposes; and collectives and individuals with proof of responsible regional or county authorities should be permitted to purchase imported motor vehicles in Guangdong and Fujian Provinces." This speech, which violated the State Council's regulations, is misleading.

According to the investigation report, Comrade Lei Yu and others knew very well what decision-making power the central authorities had given to Hainan, but they disregarded the central regulations and knowingly violated them. The State Council Special Economic Zones Office and the General Office of the CPC Central Committee pointed out their mistakes on several occasions. However, they turned a deaf ear, disobeyed orders, and defied prohibitions.

As early as 23 June of last year, the State Council Special Economic Zones Office made a phone call to criticize the question of Hainan Island importing restricted raw materials and reselling them off the island after slight processing. They not only ignored this criticism, but increased imports of cars and other finished products and materials and resold them off the island. On 21 September, persons sent by the State Council Special Economic Zones Office arrived in Hainan, held talks with Yao Wenxu, secretary of the regional CPC Committee, Lei Yu, and Cen Yuyi, and pointed out their mistakes. They pledged that from then on they would not allow car imports. However, at a 24 September meeting of government responsible persons convened by Lei Yu, they neither examined their mistakes nor firmly put a halt to them. Between 25 September and 10 October they again authorized the importing of 8,900 cars. The State Council Special Economic Zones Office made phone calls separately on 17 and 25 November to Lei Yu and Chen Yinghao, urging them to take steps to stop reselling imported cars. On 29 November the office again called Lei Yu, urging Hainan to make a sober estimate of the seriousness of the bad impression caused by reselling cars and to adopt resolute measures to stop. However, they disobeyed and falsified reports to cheat the higher authorities. A report to the State Council Special Economic Zones Office dated 25 November, which was signed by Lei Yu and looked over by Yao Wenxu, falsely stated: "As of now, all the cars imported by Hainan are for sale on the island." On 30 November Lei Yu crossed out all references to cars shipped off the island from a report to the State Council office before signing it. He again lied that "the regional government clearly announced on 7 September that no car imports would be authorized this year."

The investigation report says: By importing cars and other materials in great quantities and reselling them off the island, Hainan has caused an unfavorable impact on state planning and on the market, violated foreign exchange control regulations, sabotaged the credit policy, and corrupted the party's style of work and social values. Its mistakes are very serious. They are political mistakes of seriously and knowingly violating the principles and policies of the central authorities and cheating superiors by practicing fraud. They are mistakes that show a lack of organizational discipline and violate the organizational principle, party discipline, and administrative discipline. The regional CPC Committee is responsible for the mistakes. Comrade Lei Yu is most responsible, followed by Comrades Yao Wenxu and Chen Yuyi.

Comrade Lei Yu was in charge of economic work. The importing and reselling of cars, high-grade consumer goods, and other materials were carried out while he was in charge. He never submitted this important issue to the regional CPC Committee or the leading party group of the regional government for discussion, nor did he report it to or ask instructions for higher authorities. As for the instructions and criticisms given by the State Council Special Economic Zones Office, the provincial CPC Committee, and the provincial government on various occasions, he not only failed to implement them earnestly, but also feigned compliance and falsified reports to cheat the higher authorities. He should share the major responsibilities. He had been criticized on several occasions and made several self-criticisms since last December. However, he has not corrected his attitude, nor did he recognize the seriousness of the mistakes.

Comrade Yao Wenxu supported importing and reselling cars and other materials in violation of the party's principles and policies. As would have been proper for a matter of such importance, he never convened a regional CPC Standing Committee meeting to discuss it. He did not take a serious attitude toward the central authorities' policies, failed to earnestly implement instructions from higher authorities, and was seriously derelict. He should share leadership responsibility. Comrade Chen Yuyi was a responsible person of the regional government and concurrently chairman of the Foreign Economic Relations Commission in charge of examining and approving imported materials. He is directly responsible for giving unprincipled, speedy approval for large amounts of imports.

The investigation reports point out: The importing and reselling of cars and other materials in great quantities also exposed violations of law and discipline in many ways. They include serious dereliction of duties caused by bureaucratic practices among some units in the various provinces and cities as well as some units in the central departments, "putting money above everything else," seeking personal gain by abusing one's position and power, offering and accepting bribes, graft, and blackmail.

—Banks sought private gain by extending large amounts of loans. Many banking departments sought private gain in the name of helping Hainan take off. They seriously violated the credit principle by vying with one another in providing loans to some units solely on the basis of how much "appreciation money," "service charges," and other "benefits" they could get, regardless of whether the units had any funds of their own or whether they had the ability to repay the loans. For example, Tunchang County Industrial and Commercial Bank and Agricultural Bank lent 8 million yuan to the county Foreign Economic Relations Committee on the condition that the banks receive 100,000 yuan of the profits. In granting loans to several units under a tropical crops company to purchase and resell cars at a profit, Sanya Agricultural Bank demanded a 35 percent share of car sales profits, in addition to charging a monthly interest rate of 0.84 percent. Qionghai County Agricultural Bank demanded a share of 500,000 yuan of the profits as a condition for lending 20 million yuan to a supply and marketing company. Wenchang County Agricultural Bank went so far as to openly stipulate that the bank would share 10 percent of the profits from the car business for all the loans it granted.

Last year, Qiongzhan County Agricultural Bank collected 155,000 yuan in service charges for 19 million yuan of loans extended. Lingao County Agricultural Bank collected 50,000 yuan in service charges from 5 million yuan of loans to supply and marketing cooperatives. Sanya City Agricultural Bank, which loaned nearly 30 million yuan to the city general trade company, recieved an imported car worth 115,000 yuan from the company as a gift. The company also supplied 150 20-inch color televisions at a price 650 yuan each lower than the wholesale price to the bank as a token of "appreciation." Moreover, many banks raised the monthly floating interest rates from 0.6 to 0.72 percent. Some banks even raised it to 0.8 or 0.9 percent. The extra interest accrued from higher rates was regarded as income of the trust departments to be used either by the banks or distributed as bonuses. Some banks even set up their own companies and granted loans to themselves. For example, Qiongzhan County Industrial and Commercial Bank set up a joint operation with the county tropical crops company, granted 3.18 million yuan of loans to itself to engage in the imported cars business, and made a profit of 667,000 yuan. Changjiang County Construction Bank set up a joint operation with the county government and the county Financial Bureau, with the county government providing the official approval documents and running the operation, the Financial Bureau serving as the guarantor, and the bank providing the capital. The bank provided a loan of 4 million yuan to purchase 200 cars, and all 3 parties attended to their responsibilities and evenly shared the profits.

-- Illegally buying and selling foreign exchange in violation of state regulations. According to statistics, among the foreign exchange purchased by Hainan Island at high prices from 21 provinces and municipalities across the nation and from 15 central departments, 81 percent was purchased from Guangdong Province. Some \$115 million was purchased from Guangdong provincial units and some \$80 million each from Foshan and Shenzhen. To deceive the public, these units set up various forms of "joint operations" to illegally buy and sell foreign exchange. The buyer and seller cooperated in practicing fraud, violating law and discipline. The China International Trust and Investment Corporation and the Sanya City Economic Development Company actually engaged in illegally selling and buying foreign exchange under the false pretense of developing a joint venture. Those who illegally purchased and sold foreign exchange operated independently with supervision and could easily make a profit of tens of hundreds of thousands of yuan. Fu Jingfu, deputy manager of Wenchang County color television plant, purchased \$1 million foreign exchange from a radio plant in Taiyuan City, Shaanxi and embezzled 200,000 yuan from this one deal by falsifying a report about the rate of exchange. The Pugian District CPC Committee in that county, which helped Fu Jingfu open an account, received 30,000 yuan as a reward for its service. Large amounts of foreign exchange were transferred to Hainan. The Haikou City branch of the Bank of China was fully aware of the questionable origin of the foreign exchange. However, it checked only the rate of exchange and purpose of use on the drafts without making further examination. This was because if more foreign exchange were transferred to Hainan, the branch could collect more service charges. Last year alone the branch collected 8.6 million yuan in all kinds of service charges.

-- The profiteering industrial and commercial bureaus imposed fines on vehicle dealers and released the imported motor vehicles from custody. Approved by the Hainan Administrative Regional People's Government, the Hainan Industrial and Commercial Bureau imposed fines on the vehicle dealers and authorized the selling of the imported motor vehicles off Hainan Island. More than 5,600 such vehicles were sold in places other than Hainan after the dealers paid 4 to 5 percent of the vehicle sales prices as fines. Some 90 percent of the money used by the county industrial and commercial bureaus were regarded as their own funds and as bonuses paid to workers. These bureaus were enthusiastic about imposing various fines under various circumstances.

In addition to imposing fines on vehicle dealers in the county area, the Danxian County Industrial and Commercial Bureau sent five teams to Kaikou City to set up offices there and even allowed them to collect fines from local residents in their homes when the latter wanted to ship imported motor vehicles from Hainan Island to other places. When the fines were collected, the vehicles were let go. Such fines paid in a 1-month time totaled 1.25 million yuan. Some other county industrial and commercial bureaus also set up offices in Haikou City for the same purpose. It was stipulated by the Qionshan County Industrial and Commercial Bureau that 10 percent of the fine collected should be used as rewards for those who meted out and collected the amount of the fine. One of the irregularities was the fact that those who sold or resold imported motor vehicles were fined and those who handled the fine penalties were rewarded. The county Industrial and Commercial Bureau issued 174 such rewards, totaling more than 93,000 yuan. An investigation is still under way to determine the whereabouts of over 27,000 yuan in reward money and to determine and judge the personal integrity of four cadres of the bureau who had the authority to approve the issuing of such rewards. Lin Yunxiong, a section chief of the bureau, received a total of more than 8,500 yuan in award money on two occasions. This money came from the fine collected and included a lump sum of 5,455 yuan that was part of the fine he imposed on vehicle dealers in a single day. The fine slips were filled in by his wife under his orders, signed by himself, and approved by the bureau director. The Danxian County Industrial and Commercial Bureau even authorized units selling imported motor vehicles off Hainan Island the power to impose fines and release the vehicles from custody. These units were also authorized to keep 5 percent of the total fine which amounted to more than 77,000 yuan. Other county industrial and commercial bureaus handed down fine slips to recipients with the amounts of fine prescribed on the slips, but the amounts indicated on the stubs to be kept by the bureaus were always less than those indicated on the slips given to the recipients. The differences filled the pockets of the personnel imposing the fines who, because of this kind of personal gain, loved to act in others' behalf to make fine payments.

Moreover, the Danxian County Industrial and Commercial Bureau sold bogus invoices for motor vehicle sales to buyers, charging them 10 or 20 yuan for a bogus invoice that indicated that several thousand or even 20 or 30 thousand yuan more was paid for a motor vehicle than actually was, thereby enabling the purchaser to make some money from the deal. Other supervisory departments were also derelict in their duty to some extent. The finance bureaus failed to supervise financial matters, the commodity price bureaus did not curb price-hiking for imported merchandise and even hiked the prices for such goods themselves. The auditing bureaus failed to review government organizations' expenditures, credits, and loans, because all of them engaged in motor vehicle sales in order to make profits, thereby abandoning principles and committing dereliction of duty.

-- Official approval documents were sold in open violation of law. Documents of approval from leading organs were required before imported motor vehicles and other goods could be sold. Because of this ruling, some authoritative and concerned units sold documents of approval. According to statistics, the administrative regional party committee's Organization Department and 15 other units sold documents of approval to sell over 2,000 imported motor vehicles at prices for such documents ranging from several to 10 thousand yuan for each imported vehicle. For instance, the Hainan Administrative Regional CPC Committee's Organization Department and the Qionghshan County's Foreign Economic Relations Committee joined hands in this illegal business, with the latter supplying the required foreign exchange. They imported 100 motor vehicles that were then sold. The regional party committee's Organization Department pocketed 1 million yuan for providing the official approval documents. The Standing Committee of the Li-Miao Autonomous Prefectural People's Congress sold documents of approval for importing 150 motor vehicles to the autonomous prefecture's import and export company and thus pocketed 1.5 million yuan, averaging 10,000 yuan for each imported vehicle. Official documents of approval were sometimes resold at increased prices.

For example, the Haikou City Tobacco Company obtained such documents and sold them to the Hainan Returned Overseas Chinese Federation at a price of 6,000 yuan for each of 90 motor vehicles' approval documents.

The federation could not obtain the required foreign exchange and resold those documents to the Qionghai County cannery at a price of 8,000 yuan for each of the 90 motor vehicles' approval documents, thereby making 180,000 yuan in profit.

-- Fleecing was practiced everywhere, surcharges were imposed at each level. The price for a certain model of 12-seat minibus was 37,900 yuan in January last year and was hiked to 58,000 yuan in June the same year. It increased to 80,000 yuan only 3 months later. Some departments or organizations wanted to fleece others under the excuse of collecting surcharges on imported vehicles. Scores of thousands of motor vehicles were delivered to Haikou City and taken to school courtyards and government departments in that city. A fee of 2 yuan a night was charged for each vehicle to stay in the courtyard and a surcharge of 10 yuan a night each to guard them was collected. Charges for shipping permits and vehicle licenses were also collected. New vehicles were required to pay road maintenance and insurance fees. For the purpose of making money, the vehicle registration and inspection stations and the vehicle traffic departments of public security bureaus vied with each other for authority to issue motor vehicle license plates. Under the excuse of administrative or importation papers being incomplete for vehicles, the industrial and commercial departments imposed fines time and again and pocketed the money.

-- The situation of reselling things for profits and issuing unwarranted bonuses. In February this year the Hainan Administrative Regional People's Government issued an order to lower level units, authorizing new enterprises set up by various administrative and other units to retain all profits if the annual profit of those enterprises was under 300,000 yuan. As a result, many units wantonly distributed cash and commodities to government employees earned through illegal resale of motor vehicles and enabled those employees to squander money in extravagant eating and drinking. The Liangshan Supply and Marketing Cooperative Association spent 438,000 yuan in establishing good relationships with other units, distributing cash and commodities to employees, unwarranted promoting of grades, and extravagant eating and drinking. The HAINAN RIBAO office made an illegal profit of 4.3 million yuan by reselling motor vehicles. It issued an average of more than 800 yuan bonus to each employee last year. In January and February this year each employee was again given an average of 787 yuan in the form of cash and commodities. Leading cadres at and above editor level each received about 1,500 yuan. Editor-in-chief Guan Xin received 1,000 yuan from a single "gift."

-- The situation of serious economic crimes. For instance, Liang Bingzong, a worker of the Nanfeng Farm in Qionghai County, bribed Longjiang District Health Clinic Director Fu Xueguang with 1,200 yuan and Fu Xueguang provided an account and a certificate for him. With the status of a buyer, Liang Bingzong signed contracts to sell motor vehicles with seven units with a total amount of more than 15.3 million yuan, and he had already obtained 2.09 million yuan through swindling. At present, clues to 143 cases of economic crimes have been grasped, including 4 cases involving more than 1 million yuan, 13 cases involving 200,000 to 1 million yuan, and 57 cases involving 10,000 to 200,000 yuan.

According to the findings, the joint investigation team put forward four suggestions for handling those cases in the investigation report:

1. All members of the Standing Committee of the Hainan Administrative Region's CPC Committee have, to varying degrees, approved or supported importing huge amounts of motor vehicles and other goods to resell for profit, and they have not conscientiously discussed and implemented higher level units' criticism.

This shows that the Hainan Administrative Regional CPC Committee lacks good policy politically, has an unhealthy tendency in their style of work, and pays no attention to discipline. Their mistakes are quite serious. Although the Hainan Administrative Regional CPC Committee has made self-examination, it is still necessary to openly distribute a circular on their mistakes.

2. It is imperative to deal with the mistakes committed by the principal leading personnel of the Hainan Administrative Regional CPC Committee and the Hainan People's Government; otherwise party and political discipline cannot be implemented in a strict manner and the whole party and those who have committed mistakes cannot be educated through this case. In view of the responsibility of those leading personnel in Hainan and their attitude toward their own mistakes, Guangdong Province has made the following decision: The province will dismiss Lei Yu from his posts of deputy secretary of the Hainan Administrative Regional CPC Committee, head of the Hainan People's Government and secretary of the leading party group of the Hainan People's Government; and give Yao Wenxu and Chen Yuyi serious warnings within the party. Because Chen Yuyi is unsuitable for his present posts, he will be removed from his post of responsible member of the Hainan People's Government and chairman of the Commission of Foreign Economic Relations and Trade of the Hainan People's Government. We concur with this decision and also recommend that Comrade Le Yu's position of member of the Guangdong Provincial CPC Committee be removed.

3. Most of the foreign exchange procured illegally by units in Hainan were from Guangdong and most of the motor vehicles sold by units in Hainan are also in Guangdong. They both violated central policy and regulations. Similar problems happened in Guangdong as early as 1982 and those people concerned should have learned their lessons and stopped such practices. The Guangdong Provincial CPC Committee and the Guangdong Provincial People's Government discovered Hainan's problems a long time ago and advised Hainan about the problems. However, the provincial party committee and the provincial government did not take resolute action to correct the situation and they are organizationally responsible for the problems. They should make a self-examination.

4. A number of units in the 27 provinces, municipalities, and autonomous regions and a number of central-level units have illegally sold foreign exchange and resold motor vehicles at a profit. Their problems are also quite serious. Responsible departments should thoroughly investigate the situation and give party and political disciplinary punishment to those who violated law and discipline. Besides those arrested, law offenders should be handled by public security and judicial units according to the law if they are discovered. The income earned through illegal selling of foreign exchange at inflated price should be recovered.

NANFANG RIBAO Editorial

HK040916 Guangzhou NANFANG RIBAO in Chinese 1 Aug 85 p 2

[Editorial: "Turn Bad Things Into Good Things"]

[Text] The whole country and the whole province have been shocked by the case of importing and reselling automobiles and other expensive goods, which took place in the Hainan Administrative Region. On the basis of the nature of the mistake and the responsibilities of those involved and with the approval of the Central Discipline Inspection Commission and the CPC Central Committee, the Guangdong Provincial CPC Committee has duly punished Lei Yu, Yao Wenxu, and Chen Yuyi.

This is to strictly enforce party and political discipline and to educate the whole party and those involved. We should take this opportunity to summarize experience and learn a lesson in order to heighten the awareness of the masses of party members and cadres in the province in implementing the party's discipline and policies, enable them to clearly distinguish what is right from what is wrong in major issues, enhance their party spirit, strengthen discipline, correct the recent unhealthy tendencies, and ensure and speed up the province's smooth socialist modernization.

The CPC Central Committee and the State Council are very concerned about the development and construction of Hainan. Thus, they have formulated some correct principles and policies. However, the chief responsible persons of the Hainan Administrative Region have violated the principles and policies formulated by the authorities. That was a mistake.

In April, 1983, when the CPC Central Committee and the State Council issued instructions and comments on the "main points of the problem of speeding up the development and construction of Hainan," they unambiguously stated: "The development and construction of Hainan must be based on its superior natural resources. Its potential must be adequately tapped, attention must be paid to the attainment of good economic results, and an economic structure with Hainan characteristics should gradually be established." In addition, they also pointed out the need to "enthusiastically and satisfactorily introduce foreign capital and advanced technology and to develop export trade and tourism in order to give impetus to its internal development by pursuing an open policy." Thus, the central authorities have delegated the necessary decision-making power to Hainan and applied in the administrative region a preferential policy similar to that enforced in the special economic zones. By adopting this policy, the central authorities have shown their great concern for the Hainan people. This policy is beneficial to the Hainan people and should enable the island to contribute more to its motherland. At one time, Hainan did satisfactorily implement this policy and industrial and agricultural production on the island began to boom.

However, later, particularly since the second half of 1984, the chief responsible persons of the Hainan Administrative Region seriously violated the policies formulated by the central authorities. It is unambiguously stated in a document issued by the CPC Central Committee and the State Council that: "Those imported goods, materials, and commodities under state control must be sold and consumed within the Hainan Administrative Region and must not be resold to other parts of the country." However, disregarding party and policy discipline, they have abused the decision-making power delegated to them by the party and taken advantage of the loopholes in the policy by importing automobiles and other expensive goods in vast quantities and reselling them to other parts of the country. Were they correctly implementing the open policy? Were they enthusiastically and satisfactorily introducing foreign capital and advanced technology? No. They merely "imported" those commodities under state control, not advanced technology, of which the island was badly in need. They not only imported, "with foreign capital," those commodities that they were not required to import, but they also speculated in foreign exchange, indiscriminately extended loans, and indiscriminately borrowed money, thus bringing about a new unhealthy tendency that pervaded the island. In effect, they were placing high hopes on improper means, which absorbed most of their energy. By doing all this, they have misrepresented the open policy and abused the preferential policy. This can only seriously dampen the masses' socialist enthusiasm and adversely affect regular industrial and agricultural production on the island. Does all this not run counter to the central authorities' instruction that "the development of Hainan must be based on its superior natural resources, that its potential must be adequately tapped," and that "it is necessary to give impetus to Hainan's internal development by pursuing an open policy?"

"I am not afraid to make mistakes because I am working for the well-being of the local people." This is an erroneous viewpoint held by some party members and cadres. A major weakness of this viewpoint is that it attaches importance to the local situation rather than the overall situation and makes them antagonistic to each other. The regular work for a communist is not joined to his lofty ideals. The mistake of the chief responsible persons of the Hainan Administrative Region has tellingly indicated the danger of this viewpoint.

It goes without saying that a cadre working in a certain part of the country should work for the well-being of the local population. If a cadre who has worked in a certain part of the country for many years has contributed nothing to the people or to improving their livelihood, he is simply incompetent. However, we communists should make it our duty to achieve the ambitious communist objectives and to build a modernized socialist China. This is our overall situation. We should, on the premise that we subordinate ourselves to overall interests, work for the well-being of the local people. Overall interests and local interests are interdependent and are based on each other. Success in overall construction can provide conditions and a guarantee for local construction. By making local construction a success, we can also contribute to the overall situation. However, by importing and reselling automobiles and other expensive goods in vast quantities, the Hainan Administrative Region has precisely infringed on the overall interests, disrupted the state's import plans and the financial market, adversely affected national industries, and caused great losses to the state. Should a communist achieve "local interests" at the expense of the country's overall interests? This is impermissible and totally impractical. By infringing on overall interests, we will in the end also infringe on local interests. In this way, not only we cannot really work for the well-being of the local people, we will also make the local people suffer. By erroneously handling the relations between overall interests and local interests, the chief responsible persons of the Hainan Administrative Region have done something detrimental to the country and slowed down the development and construction of Hainan.

Comrade Deng Xiaoping pointed out: "How can we achieve unity in this big country? First, we rely on ideals, and second, we rely on discipline." The series of principles and policies adopted by our party are to serve the purpose of building socialism with Chinese characteristics. They are an embodiment of communist ideals. To resolutely implement the series of principles and policies adopted by the party is to most faithfully enforce the party's discipline. An analysis of the mistakes made by the chief responsible persons of the Hainan Administrative Region from the angle of the correlation between ideals and discipline can provide us with much food for thought.

Our party discipline is voluntary discipline. We are now fighting for socialism and for the future realization of communism. We aim at nothing other than the interests of the country and the people. Thus, a communist can consciously and voluntarily implement the principles and policies adopted by his party and enforce party discipline. That is the main reason why we can achieve unity in the party, lead the masses, surmount difficulties, and score victories everywhere. However, the chief responsible persons of the region did not closely combine their work with lofty ideals and they failed to correctly handle the relations between overall interests and local interests. Consequently, they had a weak sense of policy and they even misrepresented and openly violated the policies. All this has inevitably led to the violation of party and policy discipline. They even went so far as to pay no heed to reminders, disobey orders, not enforce prohibitions, and openly lie. If they had had a stronger sense of discipline, they would have corrected their mistakes in time, hence the great importance of strengthening the sense of discipline.

At present, our reforms have priority over all other tasks. In order to serve the reforms, we rectified the party, enhanced our party spirit, and are now giving people an education about ideals and discipline and correcting and checking the new unhealthy tendencies. The most important lesson to be drawn from the case that took place in Hainan is that without rectifying the party and enhancing our party spirit, we can never make the reforms a success. If, in a certain part of the country, the party organization and, in particular, its leading organ, have no lofty ideals and a weak sense of discipline and do not act in accordance with the principle of party spirit, even the best-concieved policy cannot display its power and even the most superior natural resources will prove useless.

Comrade Mao Zedong said: "Under certain circumstances, undesirable things can lead to desirable consequences." Now that the whole party has learned a lesson from Hainan, certainly they can turn bad things into good things and party organizations at all levels will certainly be able to heighten their awareness of party spirit, further straighten out party style, faithfully implement the principles and policies adopted by the central authorities, make the reforms and the open policy a further success, and further develop the excellent situation in the province. In Hainan, after summarizing their bitter experience, the masses of party members and cadres will be able to experience an ideological uplift. With such a basic condition and under the guidance of the correct principles and policies adopted by the central authorities, the Hainan people, who have a glorious tradition, will certainly be able to victoriously advance and an excellent situation characterized by the acceleration of the development and construction of Hainan will come about very soon.

GUANGZHOU EXPERIMENTS WITH REFORM OF CADRE SYSTEM

HK050834 Guangzhou GUANGZHOU RIBAO in Chinese 28 Jul 85 p 1

[Report: "Guangzhou Party and Government Organs Experiment on Reform of the Cadre System, Replacing the System of Life Tenure for Leading Cadres With That of Fixed Terms of Office"]

[Text] In a recent circular, the city CPC Committee decided to experiment with the system of fixed terms of office for leading cadres in the leading party organizations of some organs directly under the city authorities and in the party and government organs of some districts, counties, and bureaus, as well as their subordinate units, in order to gain experience through experiments and to gradually popularize them in an all-round way.

The experiments are to be conducted among leading cadres at the department, commission, section, and office levels in the propaganda department of the city CPC Committee, the city Science and Technology Commission, and the city Physical Culture and Sports Commission and in some leading party organizations, bureaus, and offices of Haizhu and Yuexiu Districts and Panyu County, as well as their administrative offices. The terms of office of the leading cadres at the experimental units are temporarily fixed at 5 years for organs directly under the city authorities and 3 years for organs at the district, county, and bureau levels. A principal cadre is to be recommended by the masses, checked by the relevant organization, and examined, approved, and appointed in accordance with the jurisdiction prescribed by the cadre management system; deputies are to be nominated by the principal cadre and approved and appointed by the relevant organization; and the other leading members and working personnel are then gradually formed from one level to another in order to ensure that the leading bodies are united and properly composed and that the ranks of cadres are coordinated and small in number but highly trained.

In the course of the experiments, the newly formed leading bodies should put forward their work plans and measures and regularly report on the progress of their work during their terms of office. They should mobilize the masses to cast a vote of confidence on leading members once a year. Those who give a good account of themselves and win the confidence of the masses may be reappointed at the expiration of their terms of office and those who attain outstanding achievements should be cited for meritorious services or promoted to a higher office or rank. Those who receive less than 50 percent of confidence vote and who, following the assessment by the relevant organization, prove to be incompetent or do not conform to the requirements for the "four modernizations" of cadres may hand in their resignations or be dismissed by the organization.

The trial implementation of the system of fixed terms of office for leading cadres represents a major reform of the cadre system in party and government organizations. The city CPC Committee called on all experimental units to conduct penetrating and meticulous ideological and political work, to seek unity of thinking, and to deepen their understanding in the course of recommending principal cadres by the masses, nominating deputies by the principal cadres, assessing and appointing cadres and choosing working personnel by relevant organizations in order to make a success of this work.

INCREASED ROLE FOR WOMEN URGED IN GUANGDONG

HK030531 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 3 Aug 85

[Text] The provincial CPC Committee held a meeting of responsible persons of departments concerned yesterday afternoon to look into solving problems of looking down on and discriminating against women in student enrollment, labor recruitment, and cadre promotion.

Provincial CPC Committee Deputy Secretary Wang Ning attended and spoke. He demanded that the leaders at all levels seriously study the spirit of the central documents, eliminate the remnants of feudal thought, and get rid of the traditional prejudice against women. It is also necessary to discard the erroneous idea of only looking at a unit's so-called work efficiency, fearing the temporary difficulties that would ensue if women staff became pregnant, gave birth, and were nursing mothers, and thus proceeding to repel women from organs, enterprises, and schools.

Comrade Wang Ning stressed: At present we must pay special attention to selecting, promoting, and assigning women cadres for the party and government leadership groups at all levels. There must be a certain proportion of women cadres in the building of the third echelon for the leadership groups at all levels.

HUNAN DISTRICT COMMANDER ON STREAMLINING PLA

HK060621 Changsha Hunan Provincial Service in Mandarin 1100 GMT 4 Aug 85

[Talk by Jiang Jinliu: "Strengthen Army Building, Do a Good Job in Streamlining and Reorganizing the Army" -- recorded]

[Text] Comrades, reform of the economic structure and reforms on other fronts are developing smoothly in our country. The structural reform of our Army and the work of streamlining and reorganizing the Armed Forces have also been carried out in comprehensive way.

According to the decision of the CPC Central Committee, the Chinese Government has announced a reduction of the Armed Forces by 1 million men. Carrying out reform of the Army structure and streamlining and reorganizing the Armed Forces is an important strategic decision made by the CPC Central Committee and its Military Commission after making a scientific analysis of the international and domestic situation and the status of our Army; a great and important action taken by our Army to serve the overall situation of the national construction; and an active policy to strengthen army building. This will have a widespread and far-reaching impact on building a modernized and revolutionary regular Army with Chinese characteristics. It can be said with certainty that through reforming the Army structure and streamlining and reorganizing the Armed Forces, our Army will become crack troops with simplified organizations, can be commanded nimbly and flexibly, are well equipped and trained, react quickly, are highly efficient, have strong combat strength, and which will better defend the motherland and the four modernizations.

In accordance with the important policy decision of the CPC Central Committee, the Armed Forces stationed in the province will reasonably disband and merge some organs and will reduce the number of personnel. People's Armed Forces departments of county, county-level city, and districts under city administration will be changed into local establishments and be under the dual leadership of local and Army authorities. This is an important reform to strengthen the modernization of the Army. All cadres and soldiers of our Armed Forces unanimously and resolutely support and actively implement this policy decision, and are determined to successfully fulfill the glorious and arduous task of reforming the Army structure and streamlining and reorganizing the Armed Forces with the spirit of being responsible.

We must earnestly study and understand the spirit of the enlarged meeting of the provincial CPC Committee, unify the understanding of cadres and soldiers to correspond with the policy decision of the CPC Central Committee, carry forward our Army's glorious tradition, conscientiously serve the overall situation of national construction, and take practical action to reach ideological and political unanimity with the CPC Central Committee. We must strengthen education in ideals and discipline, put the interest of the party and people above all, and adopt a correct attitude toward the abolition, merging, establishment, and switching of our own units and our promotions and demotions, and our quitting and staying in the Army. We must obey orders in all our actions; further strength the unity between the Army and the government, and between the Army and the people; conscientiously respect local leadership; understand the difficulties of local leadership; observe discipline; abide by the law; and avoid violations of policy and discipline in the process of streamlining and reorganizing the Armed Forces. In order to adapt ourselves to the new situation of streamlining and reorganizing the Armed Forces, to carry out reform and blaze new trails, and to continue to create a new situation in the work of Army, people's militia, and reserve forces, we must while focused on serving the overall situation of national construction, more thoroughly and properly carry out the activities of armymen and civilian jointly building civilized units and militiamen building the two civilizations and make new contributions to invigorating Hunan's economy.

The people in Hunan have a glorious tradition of cherishing, taking care of, and supporting army building. Over a long period of time, CPC committees and government at all levels and people of various nationalities in the province have enthusiastically selected people to join the Army, resettled retired Army cadres and demobilized servicemen, taken care of family members of martyrs and armymen, helped Army units to learn science and culture, and supported the Armed Forces in fulfilling various tasks. The vast number of cadres and soldiers of our Army have an intimate knowledge of this and are very grateful.

CPC committees and governments at all levels in the province have attached great importance to the decision of the CPC Central Committee on streamlining and reorganizing the Armed Forces. After listening to a report by leaders of the provincial military district on the spirit of the enlarged meeting of the CPC Central Committee Military Commission, the provincial CPC Committee has specifically studied the problem of supporting the Army in streamlining and reorganizing itself. Cadres at and above deputy department director level of provincial organs have listened to a report by leaders of the provincial military district on the spirit of the enlarged meeting of the CPC Central Committee Military Commission. The provincial CPC Committee and government have transmitted to the whole province the suggestions of the provincial military district on earnestly implementing the spirit of the enlarged meeting of the CPC Central Committee Military Commission to properly carry out reform of the Army structure and streamline and reorganize the Armed Forces. Organizational and personnel departments in all localities have made various preparations for accepting and resettling retired Army cadres. Some have solicited on their own initiative opinions from members of the Armed Forces on resettlement of retired Army cadres and have done their best to make the resettlement a success. Leading comrades of some prefectures, cities, and counties have called on local Armed Forces on their initiative to help solve difficulties and problems that comrades in the Armed Forces have met in the process of streamlining and reorganizing the Army.

All these are great support to the work of streamlining and reorganizing the Armed Forces and have greatly inspired and encouraged comrades in the Armed Forces. The more the people cherish, take care of, and support the Army, the more we comrades in the Army should respect the esteem ourselves. We must work hard, properly carry out our various tasks, and take practical action to thank the party and people for their support and concern for us.

Let us carry forward the good tradition of Army and government and Army and people uniting as one, which has been formed by our party and Army for a long time, and fight jointly for fulfillment of the task of reforming the Army structure and streamlining and reorganizing the Armed Forces.

HUNAN MEETING ON CURBING ADMINISTRATION GROWTH

HK050333 Changsha Hunan Provincial Service in Mandarin 1100 GMT 2 Aug 85

[Text] The provincial Establishment Committee held a meeting, demanding that all localities resolutely curb the unhealthy trend of setting up organs and enlarging their administrations without authority.

Not long ago, CPC committees and government at all levels in the province conducted a serious investigation on the enlargement of administrations in the province. It was discovered in the investigation that prefectural, autonomous prefectural, and city organs in the province have additionally set up some 154 organs. One or two localities have enlarged their administrations. Some have enlarged the administrations for distribution. Some units that have not been given administrative operation expenses went so far as to set up additional administrative organs.

The meeting believed that to deal with the new unhealthy trend, the essential thing is to upgrade the ideological understanding of party and government leaders at all levels and to enforce orders and prohibitions. Only by so doing, can it be effectively curbed.

HEBEI SPONSORS NORTH CHINA ECONOMIC FORUM

SK060005 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 19 Jul 85

[T] The work forum of the financial and economic committees under the people's congress standing committees of the five provinces, regions, and cities of north China, called for by the Financial and Economic Committee under the NPC Standing Committee and sponsored by the Financial and Economic Committee under the Hebei Provincial People's Congress Standing Committee, was held at Beidaihe resort from 10 to 17 July.

Wang Renzhong, vice chairman of the NPC Standing Committee and chairman of the Financial and Economic Committee under the NPC Standing Committee, attended and delivered a speech at the forum.

Zhang Zhen, member of the NPC Standing Committee, also attended the forum.

At the forum, the financial and economic committees of the five provinces, regions, and cities in north China delivered reports introducing their work situation. Also speaking at the forum were leading comrades of the financial and economic committees under the Guangdong, Hunan, Hubei, and Anhui Provincial People's Congress Standing Committees, who were invited to the forum.

The responsible comrades of the Hebei Provincial People's Government and the Shijiazhuang and Qinhuangdao Municipal People's Governments, who were invited to the forum, also delivered reports introducing their experiences gained in developing the national economy and conducting systematic reforms.

At the forum, participating comrades also heard the report on the gasification, delivery, and comprehensive utilization of coal.

The forum summed up the results and experience gained over the past few years in formulating local economic law, and regulations and rules and further defined the guiding ideology for the legislative work of the economy. The participating comrades held that efforts should be made to not only accelerate the pace of conducting legislative work in the economy, but also to ensure the quality of the law, and the regulations and rules in order to strive to make the local economic regulations and rules as accurate and perfect as possible under the current circumstances.

The forum also summed up the experience gained in conducting economic supervision and building the financial and economic committee under the People's Congress Standing Committee and put forward very favorable suggestions in this regard.

(Sun Guozhi), chairman of the Hebei Provincial People's Congress Standing Committee, attended the opening ceremony of the forum and delivered a speech in which he extended warm welcome to the participating comrades from the fraternal provinces, regions, and cities. Comrade Yue Zongtai, vice chairman of the provincial People's Congress Standing Committee, presided over the forum from beginning to end.

CHENG MING VIEWS CPC PERSONNEL CHANGES

HK040800 Hong Kong CHENG MING in Chinese No 94, 1 Aug 85 pp 6-8

["Notes on Northern Journey" by Luo Ping: "Great Reshuffle and the Princes Party"]

[Text] "We Don't Want Teng Li-chun" "We Don't Want Deng Liqun!"

"Deng Liqun has fallen from power." In mid-July, some well-informed sources in the cultural circles of Beijing regarded this as happy news. They ran around spreading the news. This reminded us of what had happened when the gang of four fell from power. At that time, people raised their glasses to celebrate the occasion (of course, Deng Liqun did not belong to the gang of four). This also reminded us of an event which had happened in Fengtai early in the campaign to "eliminate spiritual pollution."

Just like various localities throughout the country, Fengtai, a town adjacent to Beijing, held a mobilization meeting on "eliminating spiritual pollution." At that time a responsible person in Fengtai's Public Security Department made a speech at the meeting. He pointed out: Teng Li-chun's [singer from Taiwan also known as Teresa Teng] decadent songs have polluted the whole country. Everyone has the right to condemn her ulterior motives. However, this leader mispronounced "Teng Li-chun" as "Deng Liqun." Although the audience knew that he had mispronounced the name, they made the best of the mistake. When he was indignantly and vehemently denouncing Teresa Teng, the audience shouted: "We don't want Deng Liqun!" "We don't want Deng Liqun!" The event showed that Deng Liqun, who was active in "eliminating spiritual pollution," had earned the bitter hatred of the people. Deng Liqun, 70, has been working inside the party for a long time. He once worked as a secretary for Liu Shaoqi and Wang Zhen as well. When he worked as vice president of the Chinese Academy of Social Sciences, all his actions showed that he was conservative, arrogant, and overbearing. He regarded himself as a great Marxist theoretician. When he made speeches at the academy, he criticized people arbitrarily. When he was appointed director of the Propaganda Department of the CPC Central Committee, he was immensely proud, and always put on bureaucratic airs. Actually, he had become a stumbling block to the development of the Chinese cultural undertaking. His "leftist" views and remarks made people feel perplexed and uneasy as if the shadow of a big stick were hovering over them. When Deng Xiaoping raised the problem of the spiritual pollution, Deng Liqun poured oil on the fire and upgraded the campaign. Complaints were heard throughout the country because of all this.

Under the Pressure of Public Opinion

Some friends in Beijing were happy because CHENG MING was the first to stand up and expose Deng Liqun who was active in launching the campaign to "eliminate spiritual pollution," and later continuously criticized his "leftist" mistakes. They said that in he "struggle" to oust Deng (Liqun), CHENG MING has done quite a lot. I said that without the efforts exerted by people in the cultural circles throughout the country by overt and covert means to condemn Deng Liqun both in speech and in writing, it would have been impossible to drive this old Marxist gentleman out of office. In recent months, Deng Liqun sometimes completely disappeared and sometimes sought the limelight, or "showed off." However, based on his absence from the fourth congress of the Writers' Association, we knew that his day had come and that his defeat could not be retrieved. Actually, the Propaganda Department had already gone rotten. All the matters, which were formerly handled by the Propaganda Department are now handled by Xi Zhongxun and Hu Qili.

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When people heard the news that Deng Liqun had officially fallen from power, they felt relieved immediately just as if their hands, which had been formerly tied fast, were untied all of a sudden.

The Party Conference of Delegates and a Change of Personnel in the Three Main Institutions

Although Deng Liqun has been removed from his post as director of the Propaganda Department of the CPC Central Committee, he still retains his position in the CPC Central Committee Secretariat. However, according to my well-informed friends, Deng Liqun will only keep this post for about 3 months. At the party conference of delegates to be held in September, a greater personnel change will be carried out in the Central Secretariat. It is believed that Deng Liqun will be forced to resign. Three or four other people will also leave the Central Secretariat. The present alternate members such as Qiao Shi and Hao Jianxiu will be promoted to members. It has also been reported that Tian Jiyun, vice premier, and Wang Zhaoquo, director of the General Office of the CPC Central Committee,, will probably enter the Secretariat.

During the party conference of delegates, a partial reshuffle will also be carried out in the Political Bureau. It is reported that Wei Guoqing, Li Desheng, and others will be relieved from their posts as members of the Political Bureau.

Members of the Central Committee will be greatly changed. It is reported that a number of people will leave the committee, including Wei Guoqing, Deng Liqun, Qiao Xiaoguang, Shen Tu, and others. Most of the recently promoted ministers and provincial leaders will enter the Central Committee, including Hu Jintao, Zhu Houze, Ye Xuanping, Zou Jiahua, Li Tieying, and others. Some of them are now alternate members of the Central Committee. Although some of the others are not yet alternate members, they will still be promoted and enter the Central Committee.

The age of the Political Bureau members in the future will be younger than at present. The age of the members of the Central Committee and the Central Committee Secretariat in the future will be much younger than the present age.

Political Bureau Standing Committee and General Secretary

Will a change of personnel occur in the Political Bureau Standing Committee? It is said that if nobody dies this month, no change of personnel will take place. Hu Yaobang, Ye Jianying, Deng Xiaoping, Zhao Ziyang, Li Xiannian, and Chen Yun will retain their posts in the Political Bureau Standing Committee for the rest of their lives, although this has not yet been publicly announced.

Hu Yaobang will transfer his post as general secretary to Hu Qili. But this will take place at the 13th CPC Congress rather than at the coming party conference of delegates.

During the great reshuffle, we will see that members of the Princes Party will stride proudly ahead and enter the ruling hierarchy.

New Members of the State Council Who Belong to the "Princes Party"

Not long ago, a change of personnel took place in the State Council. Among the nine newly appointed members at ministerial level (some are even higher than ministers in rank), four are members of the "Princes Party."

One of them is Li Peng. We introduced this figure to our readers in "Notes from the Northern Journey" in the July issue of CHENG MING.

Ding Henggao, director of the Commission of Science, Technology, and Industry for National Defense, is Nie Rongzhen's son-in-law.

He has professional knowledge and experience in scientific and technological work for national defense. In the Political Bureau, Nie Rongzhen has long been responsible for scientific and technological work for national defense. Nie Li (about 50), Nie Rongzhen's daughter, was formerly deputy director of the commission. She resigned from her post last April, although she is not yet at retirement age. Some people guess that this has something to do with the promotion of her husband. We do not know whether this is true or not.

Li Tieying, electronics industry minister, is Li Weiha's son. He is a learned electronics engineer. He is the youngest (aged 48) among the newly appointed ministers. Before taking up the post of minister, he was Liaoning provincial party secretary. It is appropriate to say that Li Weiha was a founding member of the CPC. Before the Long March, his position inside the party was higher than Mao Zedong's. After the founding of the People's Republic, he held the post of the director of the United Front Work Department for a long time. He died in August 1984.

Zou Jiahua, ordnance minister, is Zou Taofen's son (if Zou Taofen had still been alive after the founding of the People's Republic, he would have been a cadre at the ministerial level). What is more important is that he is Ye Chumei's (Ye Jianying's daughter) husband. He is an engineer with a college education. He worked for a long time in the machine tool industry and national defense industry. Therefore, he is very familiar with the machinery industry and ordnance industry.

The Main Forces of the "Princes Party" Are Also Marching Into the Local Ruling Hierarchies

Some well-informed intellectuals in Beijing are talking about the fact that among the nine newly appointed ministers of the State Council, four are members of the "Princes Party." Some people say that the problem does not lie in whether they are "princes," but in whether they are qualified personnel. If the "princes" are qualified personnel, they should, of course, be promoted. If they are not qualified personnel, they should not be promoted even though they are "princes." If these "princes" are qualified personnel, they will have an advantage in competing with other qualified personnel. Some other people point out: In the course of filling important posts, if undue stress is placed on the candidates' family origin, their blood relationships, or family relationships, this would be unfair to the individual candidates.

Readers, what do you think of this issue?

The main forces of the "Princes Party" are not only entering the State Council and other central organs, but are also marching into the local, especially the provincial and city, leading hierarchies. Let us cite an example.

Ye Xuanping, the son of Ye Jianying, will hold the post of Guangdong provincial governor. This is already a "firm decision." People formerly expected that Li Jianan, who was higher in rank, to become provincial governor when Liang Lingguang was transferred to another post. He is experienced in grasping the economy and particularly industry. However, according to a decision made at the higher level but not officially announced, Ye Xuanping, who was not even a vice provincial governor, will be appointed the new provincial governor. There are some mysterious reasons contributing to all this. We have learned that Ye Xuanping is comparatively open-minded. When he was working as mayor of Guangzhou, he made achievements in implementing the open policy. With regard to tabloids, he opposed the method of treating them indiscriminately. People have the impression that he has a better understanding of policy. He has won the people's trust. Therefore, generally speaking, people have no objection to his appointment as provincial governor.

Ye Xuanping's wife Wu Xiaolan is a member of the "Princes Party" with "special quality." Beside being Ye Jianying's daughter-in-law, she is also a granddaughter of Wu Yuzhang, a founding member of the CPC. She was recently appointed vice mayor of Shenzhen City. It is said that if Liang Xiang, mayor of Shenzhen, is transferred to another post, she might become mayor of the city. Of course, no final decision has been made yet.

There Are Many Complications in the Selection of Candidates for Guangdong Provincial Governor

A great number of Communist Party members, leading cadres in particular, have a greater and greater lust for power. Therefore, there is always a fierce power struggle behind any personnel changes.

There are many "complications" in the matter of whether to retain Liang Lingguang as provincial governor or to appoint another cadre to succeed him.

Liang Lingguang once said that he intended to stay in Guangdong. The March issue of CHENG MING this year reported that CPC decision-makers wanted Liang Lingguang to retire from his post as Guangdong provincial governor. However, when the Third Session of the Sixth Guangdong Provincial People's Congress was held last May, no decision was made on Liang Lingguang's retirement. Therefore, some people doubted the accuracy of CHENG MING's report. However, facts have now proven that our report was basically accurate. Some people say that the Guangdong Provincial People's Congress will hold its fourth session in August. This is a very strange phenomenon. Originally, the provincial People's Congress held its session once a year. It is only several months since the last session was held; why should another new session be held so soon? This might possibly be connected with the election of the provincial governor. The session will probably approve Liang Lingguang's leaving Guangdong and Ye Xuanping will be officially elected provincial governor. Why could these problems not be solved at the May session? It is obvious that there was a dispute about the candidates for provincial governor inside the party.

Dispute on the Successor to Ren Zhongyi

The problem of selecting a successor to the post of Guangdong provincial party secretary was solved after a delay of several months.

Ren Zhongyi also expressed the desire to stay in Guangdong. But he is not in good health. When he was in Beijing recuperating, CPC decision-makers intended to transfer him to the Central Party School to work as president of the school (taking over Wang Zhen's post), or to the Propaganda Department of the CPC Central Committee to work as director of the department (taking over Deng Liqun's post). However, Ren Zhongyi did not accept the offer. Ren Zhongyi will not retain his post as Guangdong provincial party secretary. There is no problem about this. Some problems did occur in the course of selecting his successor. As early as August 1984, CHENG MING reported the news, which was revealed by people in the inner circles, that Lin Ruo might become first party secretary of Guangdong. Our report said: "A recent meeting of the Political Bureau of the CPC Central Committee discussed a matter regarding the leading body of Guangdong Province. Many members selected Ye Xuanping, son of Ye Jianying and mayor of Guangzhou, as successor to Guangdong Provincial CPC First Secretary Ren Zhongyi. However, Deng Xiaoping resolutely rejected the proposal, and so did Yu Qiuli. As a result, Ye Xuanping failed to be chosen. When the Guangdong Provincial CPC Committee was discussing candidates for the provincial party first secretary, a person caught people's attention. This person was Lin Ruo. He is the first deputy party secretary of Guangdong, and Ren Zhongyi's capable assistant."

Our report also said that with his appointment as first party secretary of Guangdong, Lin would follow Ren's line, so that Guangdong would continue to open up to the outside world and implement a more open policy.

The successor to Ren Zhongyi was finally chosen after repeated discussions over the past 6 months or so and many setbacks. The present arrangements are comparatively satisfactory: Lin Ruo succeeds Ren Zhongyi, whereas Ye Xuanping succeeds Liang Lingguang.

Will the Third Echelon Surpass the First and Second Echelons?

Handing over posts to the younger generation and taking over posts from veteran cadres among the central and local authorities is a problem. The main organs of the CPC Central Committee face more complex problems. To do well in holding the "party conference of delegates" in September, much ideological mobilization work and organization work are being carried out in the central party organizations and local party organizations, among various leading bodies in particular. Ostensibly, the purpose of holding the "party conference of delegates" in September is to promote younger cadres. Of course, the principle of putting younger cadres in important positions will be followed by the conference. However, apart from this, the purpose of the conference is to expel conservative, rigid, and ultraleftist forces. In the meantime, Deng Xiaoping intends to select his successor before his death and reorganize one leading body after another at the senior level so that the consistency of the present policies and stability of the present situation will be preserved. Of course, this is a good thing for the people in Beijing and the Chinese.

However, without touching upon the system characterized by the party controlling everything (the so-called the "party leads everything"), can China be politically and economically reinvigorated even though the younger "Prices Party," "secretary group," and "CYL faction" have entered the ruling hierarchy with mighty power?

Can the "Princes Party" surpass the "father party"? Can the third echelon surpass the first and second echelons? I believe that these questions can only be answered in the future.

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